



News from

Office of the Attorney General
55 Elm Street
Hartford, Connecticut 06106

Attorney General

Richard Blumenthal

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ATTORNEY GENERAL SEEKS FROM FIRST NIAGARA, NEWALLIANCE ADDITIONAL INFORMATION, JUSTIFICATION FOR PROPOSED MERGER

Attorney General Richard Blumenthal today wrote First Niagara and NewAlliance banks asking them to provide information on and justification for their proposed merger.

Under Connecticut law, the state Department of Banking may only approve bank mergers that benefit Connecticut's economy and the public, Blumenthal said in releasing the letter.

"My focus is particularly on jobs and small businesses -- whether people will lose jobs or businesses sources of lending -- and the economy in general," Blumenthal said. "I am also concerned about the availability of mortgages, and foreclosure and debt relief to homeowners as well as possible abusive credit card and overdraft fee practices and decision-making responsive to local businesses and community needs."

Blumenthal's office is already investigating the proposed merger.

The letter states, "I believe the proposed merger raises significant and far reaching legal and public policy issues, including its effect on Connecticut jobs, and our economy, as well as community banking -- in short, it's potential adverse impacts as compared to any benefits to the public.

"I appreciate First Niagara's public commitment to community focused banking. These words must be matched by actual business practices."

Blumenthal requests include:

- A list of jobs that may be lost or branches that may close as a result of the merger;
- New products and service that the new bank will offer Connecticut consumers and businesses that NewAlliance does not offer now, as well as other benefits to consumers and businesses, especially small businesses, resulting from a merger;

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- The new bank's plans for providing credit to consumers, homeowners and businesses, especially small businesses;
- Whether loan decisions will continue to be made locally and whether the merged bank will have a program to assist Connecticut consumers seeking to avoid foreclosure. First Niagara's website currently provides no such assistance;
- A full accounting of all executive and shareholder compensation resulting from the merger, as well as a justification for the payouts and an explanation of how they benefit Connecticut's economy and consumers;
- First Niagara's credit card and overdraft fee practices and policies;
- The new bank's compliance with the Community Reinvestment Act, commitment to banking services for low and moderate income communities and planned donations to local charities.

Blumenthal noted in his letter that New Haven Savings converted in 2003 from a mutual bank, which is owed by depositors and operates in their interest, to the stockholder-owned institution that became NewAlliance. Blumenthal said he expressed concern at the time that the New Haven Savings Bank was restructured not to better serve the community and its customers, but to make itself an attractive takeover target for bigger banks.

Blumenthal said in his letter, "According to your filings with the Securities and Exchange Commission, First Niagara has completed nine major acquisitions since 1999 that have significantly expanded the size and scope of First Niagara.

"The information I seek is necessary to determine whether First Niagara's move into Connecticut is primarily designed to serve Connecticut consumers or help Connecticut communities and businesses grow or, rather, to make First Niagara an attractive target for yet an even larger bank with even less connection and commitment to Connecticut consumers and communities. A larger bank may benefit bankers, but not necessarily the public, or comply with sound public policy as Connecticut law requires."

*****END*****

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