

MSB FINANCIAL CORP.  
Form DEF 14A  
October 08, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )

Filed by the Registrant   
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

MSB FINANCIAL CORP.  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of filing fee (Check the appropriate box):

- No fee required  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11. (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

October 8, 2010

Dear Fellow Stockholders:

On behalf of the Board of Directors and management of MSB Financial Corp. (the “Company”), I cordially invite you to attend our Annual Meeting of Stockholders (the “Meeting”) to be held at the Grain House at The Olde Mill Inn, 225 Route 202 North, Basking Ridge, New Jersey 07920, on November 8, 2010, at 2:00 p.m. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted at the Meeting.

The business to be conducted at the Meeting consists of (i) the election of three directors; and (ii) the ratification of the appointment of independent auditors for the year ending June 30, 2011. The Company’s Board of Directors unanimously recommends a vote “FOR” each matter to be considered.

Even if you plan to attend the meeting, please sign, date and return the proxy card in the enclosed envelope immediately. This will not prevent you from voting in person at the Meeting, but will assure that your vote is counted if you are unable to attend the Meeting.

Sincerely,

/s/ Gary T. Jolliffe

Gary T. Jolliffe  
President and Chief Executive  
Officer

---

MSB FINANCIAL CORP.  
1902 LONG HILL ROAD  
MILLINGTON, NEW JERSEY 07946

---

---

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON NOVEMBER 8, 2010

---

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Meeting") of MSB Financial Corp. (the "Company") will be held at the Grain House at The Olde Mill Inn, 225 Route 202 North, Basking Ridge, New Jersey 07920, on November 8, 2010, at 2:00 p.m. The Meeting is for the purpose of considering and acting upon the following matters:

1. The election of three directors of the Company;
2. The ratification of the appointment of ParenteBeard, LLC as the Company's independent auditor for the year ending June 30, 2011; and
3. The transaction of such other business as may properly come before the Meeting, or any adjournments thereof.

The Board of Directors is not aware of any other business to come before the Meeting.

The Board of Directors of the Company has determined that the matters to be considered at the Meeting, described in the accompanying Notice of Annual Meeting and Proxy Statement, are in the best interest of the Company and its stockholders. For the reasons set forth in the Proxy Statement, the Board of Directors unanimously recommends a vote "FOR" each matter to be considered.

Action may be taken on any one of the foregoing proposals at the Meeting on the date specified above, or on any date or dates to which, by original or later adjournment, the Meeting may be adjourned. Pursuant to the Company's bylaws, the Board of Directors has fixed the close of business on September 22, 2010 as the record date for determination of the stockholders entitled to vote at the Meeting and any adjournments thereof.

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, YOU ARE REQUESTED TO SIGN, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE. You may revoke your proxy by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date. If you are present at the Meeting, you may revoke your proxy and vote in person on each matter brought before the Meeting. However, if you are a stockholder whose shares are not registered in your own name, you will need additional documentation from your record holder to vote in person at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Nancy E. Schmitz

Nancy E. Schmitz  
Corporate Secretary

Millington, New Jersey  
October 8, 2010

Important Notice Regarding Internet  
Availability of Proxy Materials  
For the Shareholder Meeting to be  
Held on November 8, 2010  
The Proxy Statement and Annual Report to  
Shareholders are available at  
[www.millingtonsb.com](http://www.millingtonsb.com)

---

---

PROXY STATEMENT  
OF  
MSB FINANCIAL CORP.  
1902 LONG HILL ROAD  
MILLINGTON, NEW JERSEY 07946

---

ANNUAL MEETING OF STOCKHOLDERS

November 8, 2010

---

GENERAL

---

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of MSB Financial Corp. (the "Company") to be used at the Annual Meeting of Stockholders of the Company which will be held at the Grain House at The Olde Mill Inn, 225 Route 202 North, Basking Ridge, New Jersey 07920, on November 8, 2010, at 2:00 p.m. (the "Meeting"). The accompanying Notice of Annual Meeting of Stockholders and this Proxy Statement are being first mailed to stockholders on or about October 8, 2010.

At the Meeting, stockholders will consider and vote upon (i) the election of three directors of the Company; and (ii) the ratification of the appointment of ParenteBeard, LLC as the Company's independent auditor for the fiscal year ending June 30, 2011. At the time this Proxy Statement is being mailed, the Board of Directors knows of no additional matters that will be presented for consideration at the Meeting. If any other business may properly come before the Meeting or any adjournment thereof, proxies given to the Board of Directors will be voted by its members in accordance with their best judgment. The Company is the parent company of Millington Savings Bank (the "Bank"). The Company is the majority-owned subsidiary of MSB Financial, MHC a federally-chartered mutual holding company.

---

VOTING AND PROXY PROCEDURES

---

Who Can Vote at the Meeting

You are only entitled to vote at the Meeting if our records show that you held shares of our common stock, \$.01 par value (the "Common Stock"), as of the close of business on September 22, 2010 (the "Record Date"). If your shares are held by a broker or other intermediary, you can only vote your shares in person at the Meeting if you have a properly executed proxy from the record holder of your shares (or their designee). As of the Record Date, a total of 5,180,168 shares of Common Stock were outstanding. Each share of Common Stock has one vote in each matter presented.

Voting by Proxy

The Board of Directors is sending you this Proxy Statement for the purpose of requesting that you allow your shares of Common Stock to be represented at the Meeting by the persons named in the enclosed Proxy Card. All shares of

Common Stock represented at the Meeting by properly executed and dated proxies will be voted according to the instructions indicated on the Proxy Card. If you sign, date and return the Proxy Card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. The Board of Directors recommends a vote "FOR" each of its nominees for director and "FOR" the ratification of the appointment of ParenteBeard, LLC as the Company's independent auditors for the fiscal year ending June 30, 2011.

If any matters not described in this Proxy Statement are properly presented at the Meeting, the persons named in the Proxy Card will vote your shares as determined by a majority of the Board of

Directors. If the Meeting is postponed or adjourned, your Common Stock may be voted by the persons named in the Proxy Card on the new Meeting dates as well, unless you have revoked your proxy. The Company does not know of any other matters to be presented at the Meeting.

You may revoke your proxy at any time before the vote is taken at the Meeting. To revoke your proxy you must either advise the Company's Secretary in writing before your Common Stock has been voted at the Meeting, deliver a later-dated proxy, or attend the Meeting and vote your shares in person. Attendance at the Meeting will not in itself revoke your proxy.

If you hold your Common Stock in "street name," you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this Proxy Statement. If you wish to change your voting instructions after you have returned a voting instruction form to your broker, bank or other nominee, you must contact your broker, bank or other nominee. Please note that the New York Stock Exchange ("NYSE") rules that guide how brokers vote your stock have changed. Your brokerage firm or other nominee may no longer vote your shares with respect to Proposal One without specific instructions from you as to how to vote with respect to the election of each of the three nominees for director, because the election of directors is no longer considered a "routine" matter under the NYSE rules.

#### Internet Access to Proxy Materials

Copies of this Proxy Statement and the 2010 Annual Report on Form 10-K are available on the internet at [www.millingtonsb.com](http://www.millingtonsb.com). Stockholders can elect to receive future proxy statements and annual reports over the internet rather than in printed form. Stockholders of record can make this election by calling toll-free to 877-274-2040 or sending an e-mail to [investorinfo@millingtonsb.com](mailto:investorinfo@millingtonsb.com). If you hold your shares in street name, please refer to the information provided by your broker, bank or other nominee for instructions on how to elect to access future proxy materials over the internet.

#### Participants in the Millington Savings Bank Employee Stock Ownership Plan Trust and Savings Plan

If you are a participant in the Millington Savings Bank Employee Stock Ownership Plan Trust (the "ESOP") or hold Common Stock through the Millington Savings Bank Savings Plan (the "401(k) Plan"), you will receive a voting instruction form on behalf of each plan that reflects all shares you may vote under these plans. Under the terms of the ESOP, all shares held by the ESOP are voted by the ESOP trustees, but each participant in the ESOP may direct the trustees on how to vote the shares of Common Stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the ESOP trustees as directed by the ESOP Committee consisting of the outside directors of the Board. Under the terms of the 401(k) Plan, you are entitled to direct the trustee how to vote the shares of Common Stock credited to your account in the 401(k) Plan. The 401(k) Plan trustee will vote all shares for which it does not receive timely instructions from participants at the direction of the Company's Board of Directors or the Plan Committee of the Board. The deadline for returning your voting instruction form is November 2, 2010.

#### Vote Required

The presence in person or by proxy of at least a majority of the outstanding Common Stock entitled to vote is necessary to constitute a quorum at the Meeting. With respect to any matter, broker non-votes (i.e., shares for which a broker indicates on the proxy that it does not have discretionary





authority as to such shares to vote on such matter) will be considered present for purposes of determining whether a quorum is present.

As to the election of directors (Proposal I), the proxy provided by the Board of Directors allows a stockholder to vote for the election of the nominees, or to withhold authority to vote for the nominees being proposed. Under the Company's bylaws, directors are elected by a plurality of votes cast, without regard to either (i) broker non-votes or (ii) proxies as to which authority to vote for the nominees being proposed is withheld.

Concerning all other matters that may properly come before the Meeting, including the ratification of the independent auditors (Proposal II) by checking the appropriate box, a stockholder may: vote "FOR" the item, vote "AGAINST" the item, or "ABSTAIN" with respect to the item. Approval of Proposal II requires a majority of votes cast affirmatively or negatively without regard to broker non-votes or proxies marked "ABSTAIN" as to that matter.

---

#### PRINCIPAL HOLDERS OF OUR COMMON STOCK

---

The following table sets forth, as of the Record Date, certain information as to those persons who were known to be the beneficial owners of more than five percent (5%) of the Company's outstanding shares of Common Stock and as to the shares of Common Stock beneficially owned by all executive officers and directors of the Company as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Shares of Common Stock Outstanding (2)
PL Capital Group 20 E. Jefferson Avenue Naperville, Illinois 60540	422,973(3)	8.17%
MSB Financial, MHC 1902 Long Hill Road Millington, New Jersey 07946	3,091,344	59.68%
All directors and executive officers as a group (8 persons)	273,577(4)	5.19%

(1) For purposes of this table, a person is deemed to be the beneficial owner of shares of Common Stock if he or she has or shares voting or investment power with respect to such shares or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares. Except as otherwise noted, ownership is direct, and the named persons or group exercise sole voting and investment power over the shares of the Common Stock.

(2) In calculating the percentage ownership of an individual or group, the number of shares outstanding is deemed to include any shares which the individual or group have the right to acquire through the exercise of options or otherwise within 60 days of the Record Date.

(3) Based on a Schedule 13D/A dated December 11, 2007 and filed on December 17, 2007.

(4)

Includes 11,831 shares allocated to the accounts of executive officers under the ESOP. Includes 93,642 shares which the directors and executive officers have the right to acquire pursuant to the exercise of options within 60 days of the Record Date.

---

 PROPOSAL I – ELECTION OF DIRECTORS
 

---

The Company's Charter requires that the Board of Directors be divided into three classes, as nearly equal in number as possible, each class to serve for a three-year period, with approximately one-third of the directors elected each year. The Board of Directors currently consists of seven members. Three directors will be elected at the Meeting, to serve for a three-year term and until their successors have been elected and qualified.

E. Haas Gallaway, Jr., W. Scott Gallaway and Michael A. Shriner have been nominated by the Board of Directors to serve as directors. Each nominee is currently a member of the Board of Directors. It is intended that proxies solicited by the Board of Directors will, unless otherwise specified, be voted for the election of the named nominees. If any of the nominees is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend or the size of the Board may be reduced to eliminate the vacancy. At this time, the Board of Directors knows of no reason why any of the nominees might be unavailable to serve.

Set forth below is information about the Company's and the Bank's directors and executive officers and other senior management employees. Each director serves as a director of the Company and the Bank as well as MSB Financial, MHC.

Name and Positions with Company	Age	Year First Elected as Director of the Bank	Current Term to Expire	Shares of Common Stock Beneficially Owned (1)(2)	Percent of Class (3)
<b>BOARD NOMINEES FOR TERMS TO EXPIRE IN 2013</b>					
E. Haas Gallaway, Jr. Director	69	1987	2010	29,912(4)	*
W. Scott Gallaway Director	64	2000	2010	19,424(4)	*
Michael A. Shriner Director, Executive Vice President and Chief Operating Officer	46	1999	2010	46,051(5)	*
<b>DIRECTORS CONTINUING IN OFFICE</b>					
Thomas G. McCain Director	72	1992	2011	27,876(4)	*
Ferdinand J. Rossi Director	67	1975	2011	17,712(4)	*
Gary T. Jolliffe President, Chief Executive Officer and Director	66	1992	2012	53,879(6)	1.04%
Albert N. Olsen Chairman of the Board	75	1974	2012	65,245(4)	1.26%

## EXECUTIVE OFFICER WHO IS NOT A DIRECTOR

Jeffrey E. Smith  
Vice President and Chief  
Financial Officer

60

N/A

N/A

13,478(7)

\*

(footnotes on following page)

---

\* Less than 1.0% of shares outstanding.

- (1) As of the Record Date.
- (2) Includes stock held in joint tenancy; stock owned as tenants in common; stock owned or held by a spouse or other member of the individual's household; stock allocated through certain employee benefit plans of the Company; stock in which the individual either has or shares voting and/or investment power and shares which the individual has the right to acquire at any time within 60 days of the Record Date. Each person or relative of such person whose shares are included herein exercises sole or shared voting and dispositive power as to the shares reported.
- (3) In calculating the percentage ownership of an individual or group, the number of shares outstanding is deemed to include any share which the individual or group has the right to acquire through the exercise of options or otherwise within 60 days of the Record Date.
- (4) Includes 7,712 shares with the individual has the right to acquire pursuant to the exercise of options within 60 days of the Record Date.
- (5) Includes 3,723 shares allocated to Mr. Shriner's account under the ESOP. Includes 22,033 shares which Mr. Shriner has the right to acquire pursuant to the exercise of options within 60 days of the Record Date.
- (6) Includes 5,443 shares allocated to Mr. Jolliffe's account under the ESOP. Includes 24,236 shares which Mr. Jolliffe has the right to acquire pursuant to the exercise of options within 60 days of the Record Date.
- (7) Includes 2,665 shares allocated to Mr. Smith's account under the ESOP. Includes 8,813 shares which Mr. Smith has the right to acquire pursuant to the exercise of options within 60 days of the Record Date.

#### Biographical Information

Set forth below is the business experience for the past five years of each of the directors and executive officers of the Company. These biographies contain information regarding the person's service as a director, business experience, other directorships at any point during the last five years with any other public companies, information regarding involvement with certain types of proceedings, if applicable, and the experience, qualifications, attributes or skills that caused the Nominating Committee and the Board to nominate the individual for re-election to the Board in 2010.

#### Nominees for Director:

E. Haas Gallaway, Jr. is president and manager of Gallaway and Crane Funeral Home with principal offices located in Basking Ridge and a branch location located in Bernardsville, New Jersey. This firm was founded by his father, E. Haas Gallaway, Sr., in Millington in 1935 and moved to its present location in Basking Ridge in 1936. Mr. Gallaway has been associated with the firm since 1960, purchased a minority position in the firm in 1963 and the remainder of the corporation in 1976. He is a licensed funeral director in the states of New Jersey and Florida. Mr. Gallaway is a member and past president of the Morris County Funeral Directors' Association, member of The New Jersey State Funeral Directors' Association, member of National Funeral Directors' Association, and member and past president of the Bernardsville Rotary Club, former director and past president of the Somerset Hills YMCA, and a past president of the Board of Directors of Honesty House formerly of Stirling. He is the brother of Mr. W. Scott Gallaway. With his extensive business background and knowledge of and stature in the communities in which the Company does business, Mr. Gallaway has been a significant contributor to the Board of Directors of the Company.

W. Scott Gallaway founded Gallaway Associates, a real estate brokerage and appraisal firm in 1975 and sold the brokerage portion to Remax Properties Unlimited in 2000. He remains a Broker/Agent with Remax Classic Group. Mr. Gallaway is also a licensed Real Estate Appraiser in the State of New Jersey.

Mr. Gallaway is Past President of the Somerset County Board of Realtors, the Northern New Jersey Chapter of Homes for Living, the New Jersey Chapter of Certified Residential Brokers (CRB), and the Bernardsville Rotary Club. He has also served as Third District Vice President of the New Jersey Association of Realtors and Charter Scoutmaster of

Troop 150, BSA, Bernardsville, N.J. He has also served on the Board of Directors of the Patriots Path Council, BSA and the Somerset Hills YMCA. Mr. Gallaway is Past Master of Congdon Overlook Lodge F&AM and Past President of the Masters,

Wardens and Past Masters Association of the Eleventh District of New Jersey. Mr. Gallaway was honored as “Outstanding Citizen Volunteer of the Year” by the Borough of Bernardsville in 1993. He is the brother of E. Haas Gallaway, Jr.

Mr. Gallaway’s Real Estate and Appraisal experience and his stature in the community have made him a valuable member of the Board of Directors.

Michael A. Shriner has been employed by the Bank since 1987 and became a vice president in 1990, a senior vice president in 1997, the executive vice president in 2002 and the chief operating officer in 2006. He was appointed to the Board of Directors in 1999. Mr. Shriner currently serves and a member of the Operations and Technology Committee with the NJ Bankers Association. He has previously served as chairman of the Mortgage Steering Committee of the New Jersey League of Community Bankers and was a member of the Residential Lending and Affordable Housing Committee and a former member of the Consumer Lending and CRA Committee. Mr. Shriner is a graduate of The National School of Banking (Fairfield University). He also serves as a trustee for HomeSharing, Inc. a non-profit organization located in central New Jersey. Mr. Shriner’s 23 years of banking experience, knowledge of Millington Savings Bank and the Company and leadership skills make him an integral part of the Board of Directors.

The Board of Directors unanimously recommends that stockholders vote “FOR” the election of the nominees.

Continuing Directors:

Dr. Thomas G. McCain became principal of the Fairmount Avenue School in Chatham, New Jersey in 1964 after having taught in Berlin, Connecticut. He left Chatham nine years later to become assistant superintendent of schools in Freeport, New York and in 1978 was appointed superintendent of schools in Bernardsville, New Jersey, the district from which he retired from public education in 1988. Since then Mr. McCain has been president and sole owner of Learning Builders, a firm that provides planning and training services to schools and businesses in several states. Dr. McCain’s many years of management experience at the highest levels of public education together with his entrepreneurial experience make him a valued member of the Board of Directors.

Ferdinand (Fred) J. Rossi is currently the township administrator for the Township of Morris in Morris County, New Jersey and has held that office since 1995. Previously, Mr. Rossi served as the county administrator for Morris County, New Jersey for 15 years, and the township clerk and then administrator for the Township of Long Hill (formerly Passaic Township) for 12 years. He has served as president of the New Jersey Association of County Administrators and Managers and is a former member and president of the Bernardsville Rotary Club. Mr. Rossi has gained critical knowledge about the communities in which we operate through the positions he has held, both elected and otherwise and is an important contributor to the Board of Directors.

Gary T. Jolliffe joined the Bank in 1986 as its executive vice president and was appointed as its president in 1990. In 1992, he was also appointed to the position of chief executive officer and became a director. Mr. Jolliffe was a member of the Board of Governors of the New Jersey League of Community Bankers from 1999 through 2007 serving in numerous positions, including chairman of the New Jersey League of Community Bankers from 2004 to 2005. Mr. Jolliffe is a past member of the Board of Trustees of Freedom House Foundation, Glen Gardner, New Jersey, and a member of the Bernardsville Rotary Club in which he has held the positions of director, president, vice president and treasurer. Mr. Jolliffe’s 47 years of banking experience including nearly 25 years with Millington Savings Bank and the Company combined with his knowledge of the communities make him an integral member of the Company’s Board of Directors.





Albert N. Olsen was elected chairman of the Board in 1999. He is a certified public accountant and is president of Olsen & Thompson, P.A., a CPA firm established in 1961. In addition, he is a member of Olsen & Thompson Investment Advisory Services, LLC. Mr. Olsen is a member of the New Jersey Society of Certified Public Accountants and has served in various positions with the Society, including chairman of the Committee for Management of Accounting Practices, trustee, treasurer, vice president, president of the Morris-Sussex-Warren Chapter and chairman of the Board and trustee of the Society's Insurance Trust. Mr. Olsen is also a member of the American Institute of Certified Public Accountants, a past trustee and past chairman of the Board of the Midland School Foundation and a past board member of Mrs. Wilson's (Halfway House). He is a member and past president of the Bernardsville Rotary Club. Mr. Olsen brings to the Board not only the knowledge he has gained from his nearly 40 years of service as a director but also the critical accounting and finance expertise he has gained through his position as a CPA and founding member of a local firm.

Executive Officer Who Is Not a Director:

Jeffrey E. Smith has been employed by the Bank since 1996. He was appointed as controller for the Bank in 1998, became a vice president in 2002, and in 2006 became chief financial officer. Mr. Smith previously served as a vice president and the comptroller for United National Bank in Plainfield, New Jersey where he was employed for 11 years.

---

CORPORATE GOVERNANCE

---

Director Independence

The Board of Directors has determined that all directors with the exception of Gary T. Jolliffe and Michael A Shriner are considered independent under the independence standards of The Nasdaq Stock Market. In determining which directors are independent, the Board of Directors considered the deposit and other relationships described under "Related Party Transactions" but determined these relationships did not affect their independence. No directors were vendors of the Company or the Bank, and any loans and deposits made or accepted were on substantially the same terms that would be granted to other customers with similar credit or deposit balances. There are no members of the Audit Committee, Compensation Committee or Nominating Committee who do not meet the independence standards of The Nasdaq Stock Market for membership on such committees.

Meetings and Committees of the Board of Directors

The Board of Directors conducts its business through meetings of the Board and through activities of its committees. &