

GUARANTY FEDERAL BANCSHARES INC  
Form DEF 14A  
May 01, 2008

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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  x

Filed by a party other than the registrant  o

Check the appropriate box:

o Preliminary Proxy Statement

o Confidential, for use of the Commission

Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Under Rule 14a-12

Guaranty Federal Bancshares, Inc.

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(Name of Registrant as Specified in Its Charter)

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

Payment of filing fee (Check the appropriate box):

x No fee required

o 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:

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o Fee paid previously with preliminary materials.

o 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:

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GUARANTY FEDERAL BANCSHARES, INC.  
1341 WEST BATTLEFIELD  
SPRINGFIELD, MO 65807-4181  
(417) 520-4333

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NOTICE OF MEETING OF STOCKHOLDERS  
To Be Held on May 28, 2008

Notice is hereby given that an annual meeting of the stockholders (“Meeting”) of Guaranty Federal Bancshares, Inc. (the “Company”) will be held at the Clarion Hotel, 3333 South Glenstone Avenue, Springfield, Missouri, on May 28, 2008, at 6:00 p.m., local time. Stockholders of record at the close of business on April 8, 2008 are the stockholders entitled to vote at the meeting.

A Proxy Card and a Proxy Statement for the Meeting are enclosed.

The Meeting is being held for the purpose of considering and acting upon:

1. The election of two directors.
2. The ratification of BKD, LLP as Independent Registered Public Accounting Firm to the Company for the fiscal year ending December 31, 2008.
3. Such other matters as may come properly before the Meeting or any adjournments thereof. Except with respect to procedural matters incident to the conduct of the Meeting, the Board of Directors is not aware of any other business to come before the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Don M. Gibson

Don M. Gibson  
Chairman of the Board

Springfield, Missouri  
April 25, 2008

THE BOARD OF DIRECTORS URGES YOU TO SIGN, DATE AND RETURN YOUR PROXY CARD AS SOON AS POSSIBLE, EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. THIS WILL NOT PREVENT YOU FROM VOTING IN PERSON AT THE ANNUAL MEETING IF YOU DESIRE, AND YOU MAY REVOKE YOUR PROXY BY WRITTEN INSTRUMENT AT ANY TIME PRIOR TO THE VOTE AT THE ANNUAL MEETING. IF YOU ARE A STOCKHOLDER WHOSE SHARES ARE NOT REGISTERED IN YOUR OWN NAME, YOU WILL NEED ADDITIONAL DOCUMENTATION FROM OUR RECORD HOLDER TO VOTE PERSONALLY AT THE MEETING.



[Guaranty Federal Bancshares, Inc. Letterhead]

April 25, 2008

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of Guaranty Federal Bancshares, Inc. (the "Company"), I cordially invite you to attend the 2008 Annual Meeting of Stockholders to be held at the Clarion Hotel, 3333 South Glenstone Avenue, Springfield, Missouri, on Wednesday, May 28, 2008 at 6:00 p.m., local time. The attached Notice of Annual Meeting of Stockholders and Proxy Statement describe the formal business to be transacted at the meeting. Following the formal meeting, I will report on the operations of the Company. Directors and officers of the Company, as well as representatives of BKD, LLP, our independent registered public accounting firm, will be present to respond to any questions that stockholders may have.

Whether or not you plan to attend the meeting, please sign and date the enclosed proxy card and return it in the accompanying postage-paid return envelope as soon as possible. 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.

Respectfully,

/s/ Shaun A. Burke

Shaun A. Burke  
President and CEO

GUARANTY FEDERAL BANCSHARES, INC.  
1341 WEST BATTLEFIELD  
SPRINGFIELD, MISSOURI 65807-4181

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PROXY STATEMENT

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This proxy statement has been prepared in connection with the solicitation of proxies by the Board of Directors of Guaranty Federal Bancshares, Inc. (the "Company") for use at the annual meeting of stockholders to be held on May 28, 2008 (the "Annual Meeting"), and at any adjournment(s) thereof. The Annual Meeting will be held at 6:00 p.m., local time, at the Clarion Hotel, 3333 South Glenstone Avenue, Springfield, Missouri. It is anticipated that this proxy statement will be mailed to stockholders on or about April 25, 2008.

RECORD DATE--VOTING--VOTE REQUIRED FOR APPROVAL

All persons who were stockholders of the Company at the close of business on April 8, 2008, ("Record Date") will be entitled to cast votes at the Annual Meeting. Voting may be by proxy or in person. As of the Record Date, the Company had 2,711,737 shares of common stock, par value \$0.10 per share ("Common Stock"), issued and outstanding.

Holders of a majority of the outstanding shares of Common Stock entitled to vote, represented in person or by proxy, will constitute a quorum for purposes of transacting business at the Annual Meeting.

Stockholders are urged to indicate their vote in the appropriate spaces on the proxy card. Each proxy solicited hereby, if properly executed, duly returned to the Board of Directors of the Company and not revoked prior to the Annual Meeting, will be voted at the Annual Meeting in accordance with the stockholder's instructions indicated thereon. Where no instructions are indicated, proxies will be voted by those named in the proxies FOR the approval of the specific proposals presented in this proxy statement and on the proxy card and in their discretion upon any other business that may properly come before the Annual Meeting or any adjournment thereof. Each stockholder shall have one vote for each share of stock owned.

A stockholder giving a proxy has the power to revoke the proxy at any time before it is exercised by filing with the Secretary of the Company written instructions revoking it. A duly executed proxy bearing a later date will be sufficient to revoke an earlier proxy. The proxy executed by a stockholder who attends the Annual Meeting will be revoked only if that stockholder files the proper written instrument with the Secretary prior to the end of the voting at the Annual Meeting.

To the extent necessary to assure sufficient representation at the Annual Meeting, proxies may be solicited by officers, directors and regular employees of the Company personally, by telephone, by internet or by further correspondence. Officers, directors and regular employees of the Company will not be compensated for their solicitation efforts. The cost of soliciting proxies from stockholders will be borne by the Company. The Company will also reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock.

Regardless of the number of shares of the Company's Common Stock owned, it is important that stockholders be represented by proxy or be present in person at the Annual Meeting. In order for any proposals considered at the Annual Meeting to be approved by the Company's stockholders, a quorum must be present. Stockholders are requested to vote by completing the enclosed proxy card and returning it signed and dated in the enclosed

postage-paid envelope.

Proxies marked as abstentions will not be counted as votes cast. In addition, shares held in street name which have been designated by brokers on proxy cards as not voted by the beneficial owner will not be counted as votes cast (“broker non-votes”). Proxies marked as abstentions or broker non-votes, however, will be treated as shares present for purposes of determining whether a quorum is present. Approval of the ratification of the independent registered public accounting firm proposal requires the affirmative vote of a majority of the votes cast on such matter. Directors are elected by a plurality of votes of the shares present in person or by proxy at the Annual Meeting. Accordingly, abstentions and broker non-votes will have no effect on the election of directors or the proposal to ratify the Company’s independent registered public accounting firm.

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## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Persons and groups owning in excess of 5% of the Common Stock are required to file certain reports regarding such ownership pursuant to the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Certificate of Incorporation of the Company restricts the voting by persons who beneficially own in excess of 10% of the outstanding shares of Common Stock. This restriction does not apply to employee benefit plans of the Company. The following table sets forth, as of the Record Date, persons or groups who are known by the Company to beneficially own more than 5% of the Common Stock.

Name and Address Of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Guaranty Bank Employee Stock Ownership Plan (“ESOP”) 1341 West Battlefield Springfield, MO 65807-4181	270,086(1)	9.64%

(1) Reflects shared investment and voting power with respect to all shares listed. The ESOP purchased these shares for the exclusive benefit of plan participants with funds borrowed from the Company. These shares are held in a suspense account and are allocated among ESOP participants annually on the basis of compensation as the ESOP debt is repaid. The ESOP Committee, consisting of certain non-employee directors of the Company’s Board of Directors, instructs the ESOP Trustee regarding investment of ESOP plan assets. The ESOP Trustee must vote all shares allocated to participant accounts under the ESOP as directed by participants. Unallocated shares and shares for which no timely voting direction is received are voted by the ESOP Trustee as directed by the ESOP Committee.

The following table sets forth certain information as of the Record Date, with respect to the shares of the Company’s Common Stock beneficially owned by each of the directors, nominees and Named Executive Officers (see section titled “Summary Compensation Table”) of the Company, and the total shares beneficially owned by directors and executive officers as a group. The Company’s policy is for each director to own a minimum of 2,500 shares, exclusive of stock grants and non-exercised stock options. Directors with less than 5 years experience on the Board shall own a minimum of 500 shares for each full year of service on the Board, up to the 2,500 shares. Except as otherwise noted, each person has sole voting and investment power over his shares. Less than 1% stock ownership is shown below with an asterisk (\*).



Name of Beneficial Owner	Total Shares Beneficially Owned(1)	Percent of Total Outstanding Common Shares
Jack L. Barham	39,272 (2)	1.4 %
Wayne V. Barnes	71,460 (2)(3)	2.5 %
Shaun A. Burke	41,060 (2)(4)	1.5 %
Don M. Gibson	48,200 (2)(5)	1.7 %
Kurt D. Hellweg	34,516 (2)	1.2 %
Gregory V. Ostergren	46,058 (2)(6)	1.6 %
Tim Rosenbury	23,010 (2)(7)	*
James L. Sivils, III	23,145 (2)(8)	*
James R. Batten	5,000 (2)(9)	*
Carter Peters	5,512 (10)	*
H. Michael Mattson	2,606 (11)	*
Total owned by all directors and executive officers as a group (eleven persons)	339,839 (12)	12.1 %

- (1) Amounts may include shares held directly, as well as shares held jointly with family members, in retirement accounts, in a fiduciary capacity, by certain family members, by certain related entities or by trusts of which the directors and executive officers are trustees or substantial beneficiaries, with respect to which shares the respective director or executive officer may be deemed to have sole or shared voting and/or investment powers. Due to the rules for determining beneficial ownership, the same securities may be attributed as being beneficially owned by more than one person. The holders may disclaim beneficial ownership of the included shares which are owned by or with family members, trusts or other entities.
- (2) Excludes 270,086 shares of Common Stock held under the ESOP for which the individual serves as a member of the ESOP Committee or Trustee. Each individual disclaims beneficial ownership with respect to these shares held in a fiduciary capacity.
- (3) Includes 8,402 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (4) Includes 22,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (5) Includes 2,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (6) Includes 14,704 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (7) Includes 12,500 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (8) Includes 20,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (9) Includes 5,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.

- (10) Includes 4,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (11) Includes 2,000 shares of Common Stock that the individual has the right to acquire through the exercise of options within 60 days of the Record Date.
- (12) Includes 90,606 shares of Common Stock that the group has the right to acquire within 60 days of the Record Date through the exercise of options.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who own more than ten percent of the Common Stock, to file reports detailing their ownership and changes of ownership in the Common Stock with the SEC and to furnish the Company with copies of all such ownership reports. Based solely on the Company's review of the copies of the ownership reports furnished to the Company, and written representations relative to the filing of certain forms, the Company believes that all Section 16(a) filing requirements applicable to its officers and directors, and persons who own more than ten percent of the Common Stock, were complied with during the 2007 fiscal year.

## FIRST PROPOSAL: ELECTION OF DIRECTORS

The number of directors constituting the Board of Directors of the Company (the "Board") is currently nine. The Board is divided into three classes of three directors. The term of office of one class of directors expires each year in rotation so that the class up for election at each annual meeting of stockholders has served for a three-year term. The terms of three of the present directors (Barnes, Ostergren, and Sivils) are expiring at the Annual Meeting. One of these directors, Wayne V. Barnes, has elected of his own accord not to seek election as a director at the Annual Meeting for another term. The following table sets forth certain information for each director nominee and continuing director of the Board.

On behalf of the management, staff and Board of Directors, we want to express our heartfelt thanks to Wayne Barnes for his service to the Company. After 32 years of dedicated service as a member of our Board of Directors, Wayne will retire at the expiration of his current term. We sincerely appreciate his valuable advice and counsel and wish him the very best in his retirement.

The two continuing directors (Ostergren and Sivils) have been nominated, upon the recommendation of the Nominating Committee of the Board, by the Board and, upon election at the Annual Meeting, will hold office for a three-year term expiring in 2011 or until their successors are elected and qualified. Each nominee has indicated that they are willing and able to serve as a director if elected and have consented to being named as nominees in this proxy statement.

Unless otherwise specified on the proxies received by the Company, it is intended that proxies received in response to this solicitation will be voted in favor of the election of each person named in the following table to be a director of the Company for the term as indicated, or until his successor is elected and qualified. There are no arrangements or understandings between the nominees or directors and any other person pursuant to which any such person was or is selected as a director or nominee.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS  
THAT YOU VOTE FOR THE FOLLOWING NOMINEES.**

Nominees for Three-Year Terms Expiring 2011

Name	Age (1)	Director Since	Current Term Expires
Gregory V. Ostergren	52	1999	2008
James L. Sivils, III	43	2002	2008

In addition to the two nominees proposed to serve on the Board as described above, the following individuals are also directors of the Company, each serving for the current term indicated.

Directors Who Are Not Nominees  
Who Will Continue in Office After the Annual Meeting

Name	Age (1)	Director Since
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			Current Term Expires
James R. Batten	45	2006	2009
Shaun A. Burke	44	2004	2009
Kurt D. Hellweg	50	2000	2009
Jack L. Barham	74	1983	2010
Don M. Gibson	64	2002	2010
Tim Rosenbury	51	2002	2010

(1)

As of the Record Date

## Biographical Information

Set forth below are brief summaries of the background and business experience, including principal occupation, of each nominee and director currently serving on the Board of Directors of the Company.

Gregory V. Ostergren is the Chairman, President and Chief Executive Officer of American National Property and Casualty Insurance Companies (“ANPAC”), Springfield, Missouri, and Chairman of the Farm Family Insurance Group, Albany, New York (“Farm Family”). Mr. Ostergren joined ANPAC in October of 1990 as President and CEO. In 2000, he took on the additional role as Chairman of ANPAC and in 2001, following the acquisition of Farm Family, which he led, Mr. Ostergren was voted Chairman of Farm Family. He is Chairman Elect of the Insurance Institute for Highway Safety, Washington, DC. After graduating from the University of Minnesota in 1977, Mr. Ostergren held various positions at Allstate Insurance Company in Chicago, Illinois, and Mutual Service Insurance Company in St. Paul, Minnesota. He is a member of the American Academy of Actuaries, an Associate of the Casualty Actuarial Society and a member of the academic business honor society Beta Gamma Sigma. He presently serves on the Board of Executive Advisors for the College of Business Administration at Missouri State University. He is past Chairman of the College of Natural and Applied Sciences Advisory Board for Southwest Missouri State University. He has also served as a Member of the Board of the Springfield Public School Foundation, as a Member of the Board and Treasurer of the United Way of the Ozarks, and has served on a number of other professional and civic boards of directors.

James L. Sivils, III, JD, is a partner in Morelock-Ross Companies, a group of several privately held companies involved in both commercial and residential construction and in real estate development and management in Springfield, Missouri. Mr. Sivils has been with Morelock-Ross since 1997. Prior to joining Morelock-Ross, Mr. Sivils worked as an attorney from 1990 to 1993 and as a real estate broker and developer from 1993 to 1997. Mr. Sivils holds a JD degree from the University of Missouri – Kansas City Law School and a B.A. degree from the University of Missouri - Columbia. Mr. Sivils is a past Member of the Board of the Springfield Apartment Housing Association and the Lakes Country Rehabilitation Center and a current Member and past Chapter Chair of the Ozarks Chapter of the Young Presidents Organization.

James R. Batten, CPA, is Chief Operations Officer and Executive Vice President of AG Financial Solutions. Mr. Batten is the former Executive Vice President of Finance, Chief Financial Officer and Treasurer of O’Reilly Automotive, Inc. He was with O’Reilly from January 1993 through March 2007. Prior to joining O’Reilly, Mr. Batten was employed by the accounting firms of Whitlock, Selim & Keehn, from 1986 to 1993 and Deloitte, Haskins & Sells from 1984 until 1986. Mr. Batten is a member of the board of Foundation Capital Resources, Chairman of the Board of New Covenant Academy and Treasurer of Hope Community Church. Mr. Batten served as a member of the NASDAQ Issuer Affairs Committee until 2005. He has also served on a number of other professional and civic boards including the Springfield Area Chamber of Commerce and Big Brothers Big Sisters of the Ozarks.

Shaun A. Burke was appointed President and Chief Executive Officer of the Company on March 1, 2005. Mr. Burke has been President and Chief Executive Officer of Guaranty Bank, the Company’s wholly owned subsidiary (the “Bank”), since March 9, 2004. In May 1997, Mr. Burke joined, and assisted with the formation of Signature Bank in Springfield, Missouri. During his tenure at Signature Bank, he held the positions of Executive Vice President and Senior Credit Officer and was a member of the bank’s board of directors. From 1983 to 1997, Mr. Burke was with Bank of America and its predecessors in Springfield, Missouri, with his last position being Vice President of Commercial Lending. Mr. Burke is active in many civic organizations and is a past member of the United Way Allocations and Agency Relations Executive Committee, Salvation Army Board of Directors and Big Brothers Big Sisters of the Ozarks Board of Directors.