

Village Bank & Trust Financial Corp.
Form PRE 14A
April 14, 2009

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 []

Check the appropriate box:

[X]

Preliminary Proxy Statement

[]

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

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Definitive Proxy Statement

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Definitive Additional Materials

[]

Soliciting Material Pursuant to § 240.14a-12

VILLAGE BANK AND TRUST 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):

[X]

No fee required.

[]

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

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Fee paid previously with preliminary materials:

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Check box if any part of the fee is offset as provided in 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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Dear Shareholders:

You are cordially invited to attend the annual meeting of shareholders of Village Bank and Trust Financial Corp. to be held on May 26, 2009 at 10:00 a.m. Eastern Daylight Time at Village Bank at Watkins Centre, 15521 Midlothian Turnpike, Midlothian, Virginia. At the annual meeting, you will be asked to:

elect four directors for a term of three years each, one director for a two year term and one director for a one year term;
consider and approve the following advisory (non-binding) proposal:

RESOLVED, that the shareholders approve the compensation of executive officers as disclosed in this proxy statement pursuant to the rules of the Securities and Exchange Commission.;

ratify the appointment of BDO Seidman, LLP, as Village Bank and Trust Financial Corp.'s independent registered public accounting firm for Village Bank and Trust Financial Corp. for 2009; and
transact such other business as may properly come before the annual meeting. Enclosed with this letter is a formal notice of the annual meeting, a Proxy Statement and a proxy form.

Whether or not you plan to attend in person, it is important that your shares be represented at the annual meeting. Please complete, sign, date and return promptly the form of proxy that is enclosed in this mailing. If you later decide to attend the annual meeting and vote in person, or if you wish to revoke your proxy for any reason prior to the vote at the annual meeting, you may do so and your proxy will have no further effect.

We appreciate your continued support and look forward to seeing you at the annual meeting.

Sincerely,

Thomas W. Winfree

President and Chief Executive Officer

Midlothian, Virginia

April 28, 2009

VILLAGE BANK AND TRUST FINANCIAL CORP.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 26, 2009

YOU ARE HEREBY NOTIFIED of and invited to attend the annual meeting of shareholders of Village Bank and Trust Financial Corp., a Virginia corporation, to be held on May 26, 2009 at 10:00 a.m. Eastern Daylight Time at Village Bank at Watkins Centre, 15521 Midlothian Turnpike, Midlothian, Virginia for the purpose of considering and voting upon the following:

1. The election of four directors for a term of three years each, one director for a two year term and one director for a one year term;
2. The consideration and approval of the following advisory (non-binding) proposal:

RESOLVED, that the shareholders approve the compensation of executive officers as disclosed in this proxy statement pursuant to the rules of the Securities and Exchange Commission.;

3. The ratification of the appointment of BDO Seidman, LLP as Village Bank and Trust Financial Corp. s independent registered public accounting firm for the year ending December 31, 2009; and
4. To transact any other business as may properly come before the Village Bank and Trust Financial Corp. annual meeting or any adjournments or postponements thereof.

Our board of directors has fixed the close of business on April 7, 2009 as the record date for determination of our shareholders entitled to receive notice of and to vote at the annual meeting. The annual meeting may be adjourned or postponed from time to time upon approval of our shareholders without any notice other than by announcement at the annual meeting of the adjournment or postponement thereof, and any and all business for which notice is hereby given may be transacted at such adjourned or postponed annual meeting.

By Order of the Board of Directors,

C. Harril Whitehurst, Jr.

Senior Vice President, Chief Financial

Officer, Corporate Secretary

Midlothian, Virginia

April 28, 2009

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 26, 2009.

The proxy statement and the fiscal 2008 annual report to shareholders on Form 10-K are available at www.villagebank.com/proxy.html.

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PROXY STATEMENT OF

VILLAGE BANK AND TRUST FINANCIAL CORP.

15521 Midlothian Turnpike

Suite 200

Midlothian, Virginia 23113

General Information

This proxy statement is furnished in connection with the solicitation of proxies by the board of directors of Village Bank and Trust Financial Corp. to be used at the 2009 annual meeting of shareholders to be held on May 26, 2009 at 10:00 a.m. Eastern Daylight Time at Village Bank at Watkins Centre, 15521 Midlothian Turnpike, Midlothian, Virginia. The notice of annual meeting, the proxy card, and this proxy statement are being first mailed on or about April 28, 2009, to shareholders of record of Village Bank and Trust Financial Corp. common stock as of the close of business on April 7, 2009.

Who Can Vote

You can vote at the annual meeting if you owned shares of Village Bank and Trust Financial Corp. common stock, par value \$4.00 per share, as of the close of business on April 7, 2009 (Record Date). Each share of common stock is entitled to one vote. The number of shares outstanding on the Record Date was 4,230,590. When you give Village Bank and Trust Financial Corp. your proxy, you authorize Village Bank and Trust Financial Corp. to vote your shares per your instructions whether or not you attend the annual meeting. The presence, in person or by proxy, of at least a majority of the total number of outstanding shares of common stock is necessary to constitute a quorum at the annual meeting.

Executing Your Right to Vote

By completing and returning the enclosed proxy card in time to be voted at the annual meeting, the shares represented by it will be voted in accordance with the instructions marked on the card. Signed but unmarked proxies will be voted on all business matters as recommended by the board of directors. Proxies marked as abstentions and proxies for shares held in the name of a bank, broker or other nominee marked as not voted will be counted only for purposes of determining a quorum at the annual meeting.

The board of directors does not know of any other matters that are to come before the annual meeting except for incidental, procedural matters. If any other matters are properly brought before the annual meeting, the persons named in the accompanying proxy card will vote the shares represented by each proxy on such matters as determined by a majority of the board of directors.

Costs of Proxy Solicitation

The cost of soliciting proxies will be borne by Village Bank and Trust Financial Corp. In addition to the solicitation of proxies by mail, Village Bank and Trust Financial Corp. also may solicit proxies through its directors, officers, and employees. Village Bank and Trust Financial Corp. also will request persons, firms, and corporations holding shares in their names or in the name of nominees that are beneficially owned by others to send proxy materials to and obtain proxies from those beneficial owners and will reimburse the holders for their reasonable expenses in doing so.

Changing Your Vote

Your presence at the annual meeting will not automatically revoke your proxy. However, you may revoke a proxy at any time prior to its exercise by 1) filing a written notice of revocation with C. Harril Whitehurst, Jr., Secretary, which may be sent to Mr. Whitehurst's attention at 15521 Midlothian Turnpike, Suite 200, Midlothian, VA 23113; or 2) delivering to Village Bank and Trust Financial Corp. a duly executed proxy bearing a later date; or 3) attending the annual meeting and casting a ballot in person.

PROPOSAL ONE ELECTION OF DIRECTORS

The board of directors consists of twelve directors. Four members of the board of directors have been nominated for election as directors at the annual meeting for a three-year term ending in 2012. One member of the board of directors has been nominated for election as a director at the annual meeting for a two-year term ending in 2011 and another for a one-year term ending in 2010. Six other directors are serving terms that end in either 2010 or 2011, as indicated below.

The election of each nominee for director requires the affirmative vote of the holders of a plurality of the shares of common stock cast in the election of directors. If the proxy is executed in such manner as not to withhold authority for the election of any or all of the nominees for directors, then the persons named in the proxy will vote the shares represented by the proxy for the election of the nominees named below. If the proxy indicates that the shareholder wishes to withhold a vote from one or more nominees for director, such instructions will be followed by the persons named in the proxy.

Each nominee has consented to being named in this proxy statement and has agreed to serve, if elected. The board of directors has no reason to believe that any of the nominees will be unable or unwilling to serve. If, at the time of the annual meeting, any nominee is unable or unwilling to serve as a director, votes will be cast, pursuant to the enclosed proxy, for such substitute nominee as may be nominated by the board of directors. There are no current arrangements between any nominee and any other person pursuant to which a nominee was selected. No family relationships exist among any of the directors or between any of the directors and executive officers of Village Bank and Trust Financial Corp.

The following biographical information discloses each nominee's age, business experience in the past five years and the year each individual was first elected to the board of directors of Village Bank and Trust Financial Corp. or its predecessor and current subsidiary, Village Bank. Unless otherwise specified, each nominee has held his current position for at least five years.

Nominee for Election as Director

Whose Term Will Expire in 2010 (Class A)

John T. Wash, 63, has been a director since 2008 when River City Bank merged with Village Bank. He formerly served as a director of River City Bank since 2003. Mr. Wash has been a real estate investor and Managing Partner of Hanover Plaza Associates since 2005. Mr. Wash was previously President of Galeski Optical from 1977 to 2005.

Nominee for Election as Director

Whose Term Will Expire in 2011 (Class B)

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Charles E. Walton, 62, has been a director since 2008 when River City Bank merged with Village Bank. He served as a director of River City Bank since 2003. Mr. Walton is the owner of Charles E. Walton & Co., P.C., an accounting firm.

Nominees for Election as Directors

Whose Terms Will Expire in 2012 (Class C)

Donald J. Balzer, Jr., 53, has been a director since 1998. Mr. Balzer is a member of the board of directors of Balzer & Associates, Inc., an architectural, engineering, surveying and landscape architectural firm. He is a Licensed Professional Engineer and served as President of Balzer & Associates, Inc. until his retirement in 2005. He currently serves as President of Cross Creek Development Corp.

Michael A. Katzen, 55, has been a director since 2008 when River City Bank merged with Village Bank. He formerly served as a director of River City Bank since 2003. Mr. Katzen is a partner in the law firm of Katzen & Frye, P.C.

Michael L. Toalson, 57, has been a director since 2004. Mr. Toalson is Executive Vice President of the HomeBuilders Association of Virginia. He heads the HBAV lobbying team before state lawmakers and regulators and is the chief administrative officer of the 5,000 member organization.

O. Woodland Hogg, Jr., 63, has been a director since 2008 when River City Bank merged with Village Bank. He formerly served as a director of River City Bank since 2003. Mr. Hogg is the owner and principal broker of ERA Woody Hogg & Associates, a real estate brokerage business.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE
SHAREHOLDERS VOTE FOR THE NOMINEES SET FORTH ABOVE.**

Incumbent Directors

Whose Terms Expire in 2010 (Class A)

Craig D. Bell, 51, is a founder of the Bank and has been a director since 1998. Mr. Bell is Chairman of the board of directors of Village Bank and Trust Financial Corp. He is a partner with the law firm of McGuireWoods LLP, where he is a member of the Business Tax Department and is the head of the State and Local Tax and Tax Litigation Groups. Mr. Bell is on the board of directors of the Community Tax Law Project, a non-profit provider of pro bono tax assistance to low income families; a Fellow of the American College of Tax Council; former Chair of both the Virginia State Bar Section of Taxation and the Virginia Bar Association Tax Section; a member of the Edgar J. Murdock Inn of Court for Tax; an adjunct Professor of Law at the College of William and Mary School of Law; and a Trustee of the Virginia War Museum. Mr. Bell retired from the Army Reserves in 2006 as a Lieutenant Colonel after completing 27 years of service.

George R. Whittemore, 59, has been a director since 1998. Mr. Whittemore is currently retired. He is a member of the board of directors of Supertel Hospitality, Inc. (formerly Humphrey Hospitality Trust, Inc.), a publicly-traded real estate investment trust that owns limited service hotels. He was a consultant to Supertel Hospitality, Inc. from August 2004 to August 2005 and its President from November 2001 to August 2004. Mr. Whittemore served as a director and Senior Vice President/Senior Administrative Officer of Anderson & Strudwick, Inc., a brokerage firm, from November 1996 until November 2001. Mr. Whittemore is a director of Prime Group Realty Trust, Inc., a publicly traded real estate investment trust that primarily owns commercial office buildings. He is also a director of Lightstone Value Plus REIT, a non-publicly traded real estate investment trust that owns various types of income producing real estate.

Thomas W. Winfree, 64, has been a director since 2001. Mr. Winfree has served as Chief Executive Officer and President of Village Bank and Trust Financial Corp. since its inception. He has also served as President and Chief Executive Officer of Village Bank since 2001. Mr. Winfree

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has over 38 years of banking experience. He served as President of the Chesterfield Chamber of Commerce during 2004 and has been appointed to again serve on the Chamber's board of directors. Mr. Winfree is also a founding member and director of the Families of the Wounded Fund, Inc., an organization dedicated to helping the families of soldiers severely wounded in Iraq and Afghanistan who are being treated at McGuire Veterans Hospital. He currently serves on the Dean's Advisory Council for the University of Richmond, the John Tyler Foundation Board, the Virginia Association of Community Bankers Board, the Chesterfield Business Council Board, the Retail Merchants Association Board, and the St. Francis Citizens Board.

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Incumbent Directors

Whose Terms Expire in 2011 (Class B)

R. T. Avery, III, 59, has been a director since 1998. Mr. Avery is President and co-founder of Chesterfield Construction Services, Inc., which trades as Emerald Homes. This company specializes in the work force affordable sector of the residential construction market.

William B. Chandler, 59, has been a director since 1998. Mr. Chandler is a co-owner in two corporations: Manchester Industries, Inc., which converts board and paper into sheets from roll stock for the printing industries, and Plastex Fabricators, Inc., which is a fabricator of industrial and commercial plastics used for décor in the retail industry. He currently is responsible for engineering, construction, safety and production of Manchester Industries and serves as its Vice President. Mr. Chandler is President of Plastex Fabricators located in Charlotte, North Carolina.

R. Calvert Esleeck, Jr., 64, has been a director since 1998. Mr. Esleeck is a retired certified public accountant. He formerly served as President of the Midlothian area firm of Murray & Esleeck, P.C. Mr. Esleeck is a combat veteran of the Vietnam War where he served as a Marine Infantry Officer. He is also a founding member of the Families of the Wounded Fund, Inc., an organization dedicated to helping the families of soldiers severely wounded in Iraq and Afghanistan who are being treated at McGuire Veterans Hospital. He is Past President of the Fund and currently serves on its board of directors.

Executive Officers Who Are Not Directors

Dennis J. Falk, 50, has served as Senior Vice President - Commercial Banking of the Bank since April 2006. Prior to that, Mr. Falk served as Senior Vice President for SunTrust Bank and was employed by SunTrust (and its predecessor bank in the MidAtlantic region, Crestar Bank) for 14 years. Mr. Falk has over 28 years of banking industry experience.

Jack M. Robeson, 60, has served as Senior Vice President - Lending of the Bank since August 2001. Mr. Robeson served as Vice President for Bank of Essex from January 1996 to August 2001. Mr. Robeson has over 34 years of banking industry experience.

Raymond E. Sanders, 55, has served as Senior Vice President of Village Bank and Trust Financial Corp. since its inception. He has served as Senior Vice President and Chief Operating Officer of the Bank since June 2004 and served as Vice President - Retail Banking from July 2002 to June 2004. Mr. Sanders previously served as President of Seasons Mortgage Group from October 1993 until the company was sold in May 2001. He has over 32 years of experience in retail and mortgage banking.

William D. Stegeman, 49, has served as Senior Vice President of the Bank since 2008 when River City Bank merged into Village Bank. He previously served as President and Chief Executive Officer of River City Bank since its formation in 2003. From 1999 to 2003, Mr. Stegeman held management positions with Eastern Virginia Bankshares, Inc., including President and Managing Director of EVB Investments, Inc., and Senior Vice President and Chief Operating Officer of Hanover Bank. Mr. Stegeman has over 28 years of banking industry experience.

C. Harril Whitehurst, Jr., 58, has served as Senior Vice President and Chief Financial Officer of Village Bank and Trust Financial Corp. since its inception. He has served as Senior Vice President and Chief Financial Officer of the Bank since September 2003. Mr. Whitehurst served as a Director for RSM McGladrey from July 2000 to September 2003. Mr. Whitehurst has over 32 years of banking industry experience.

SECURITY OWNERSHIP**Security Ownership of Management**

The following table sets forth, as of March 1, 2009, unless otherwise noted, certain information with respect to beneficial ownership of shares of common stock by each of the members of the board of directors, by the executive officers named in the Summary Compensation Table below, by owners of more than 5% of shares of common stock known to Village Bank and Trust Financial Corp., and by all directors and executive officers as a group. Beneficial ownership includes shares, if any, held in the name of the spouse, minor children or other relatives of a director living in such person's home, as well as shares, if any, held in the name of another person under an arrangement whereby the director or executive officer can vest title in himself at once or at some future time.

**VILLAGE BANK AND TRUST FINANCIAL CORP.
Beneficial Ownership**

<i>Name</i>	<i>Amount and Nature of Beneficial Ownership</i>	<i>Percent of Class (%)</i>
<u>Directors:</u>		
R. T. Avery, III ⁽¹⁾	89,354	2.11%
Donald J. Balzer, Jr. ⁽²⁾	82,741	1.95%
Craig D. Bell ⁽³⁾	69,313	1.63%
William B. Chandler ⁽⁴⁾	76,111	1.79%
R. Calvert Esleeck, Jr. ⁽⁵⁾	43,311	1.02%
O. Woodland Hogg ⁽⁶⁾	29,480	0.70%
Michael A. Katzen ⁽⁷⁾	14,900	0.35%
Michael L. Toalson ⁽⁸⁾	7,611	0.18%
Charles E. Walton ⁽⁹⁾	16,650	0.39%
John T. Wash ⁽¹⁰⁾	24,390	0.58%
George R. Whittemore ⁽¹¹⁾	33,911	0.80%
Thomas W. Winfree ⁽¹²⁾	112,921	2.63%
<u>Executive Officers:</u>		
Raymond E. Sanders ⁽¹³⁾	31,927	0.75%
C. Harril Whitehurst, Jr. ⁽¹⁴⁾	38,576	0.90%
<u>Certain Beneficial Owners:</u>		
John S. Clark ⁽¹⁵⁾ 1633 Broadway, 30th Floor New York, NY 10019	354,669	8.38%
Directors and executive officers as a group (17 persons)	726,771	16.16%

(1) Amount disclosed includes 13,500 shares of common stock owned by Mr. Avery; 5,200 shares of common stock in Mr. Avery's Simplified Employee Pension Plan; 1,200 shares of common stock in Mr. Avery's IRA account; 6,500 shares of common stock in Mr. Avery's 401(k) account; 3,070 shares of common stock owned by Mr. Avery's son; 49,773 shares of common stock owned by Mr. Avery's spouse; and

options to acquire 10,111 shares of common stock.

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- (2) Amount disclosed includes 59,465 shares of common stock owned by Mr. Balzer; 3,265 shares of common stock in Mr. Balzer's IRA account; 5,800 shares of common stock owned by DJB Family Ltd. Partnership; 1,100 shares of common stock owned by Mr. Balzer's spouse; 3,000 shares of common stock owned by Mr. Balzer's children; and options to acquire 10,111 shares of common stock.
- (3) Amount disclosed includes 48,001 shares of common stock owned by Mr. Bell; 4,100 shares of common stock in Mr. Bell's IRA account; 1,000 shares of common stock owned by Mr. Bell's father; 100 shares of common stock owned jointly with Mr. Bell's brother; and options to acquire 16,112 shares of common stock.
- (4) Amount disclosed includes 60,000 shares of common stock owned by Mr. Chandler; 6,000 shares of common stock owned by Mr. Chandler's children; and options to acquire 10,111 shares of common stock.
- (5) Amount disclosed includes 15,900 shares of common stock owned by Mr. Esleeck; 190 shares of common stock in Mr. Esleeck's Roth IRA account; 1,766 shares of common stock in Mr. Esleeck's IRA account; 9,712 shares of common stock owned by Mr. Esleeck's spouse; 5,632 shares of common stock owned by Mr. Esleeck's children; and options to acquire 10,111 shares of common stock.
- (6) Amount disclosed includes 14,155 shares of common stock owned by Mr. Hogg; 5,206 shares of common stock in Mr. Hogg's IRA account; 5,119 shares of common stock owned by Mr. Hogg's spouse; and options to acquire 5,000 shares of common stock.
- (7) Amount disclosed includes 8,900 shares of common stock owned by Mr. Katzen; and options to acquire 6,000 shares of common stock.
- (8) Amount disclosed includes 4,770 shares of common stock owned by Mr. Toalson; 1,230 shares of common stock in Mr. Toalson's IRA account; and options to acquire 1,611 shares of common stock.
- (9) Amount disclosed includes 4,200 shares of common stock owned by Mr. Walton; 4,870 shares of common stock in Mr. Walton's IRA account; 830 shares of common stock in Mr. Walton's ROTH IRA account; 750 shares of common stock owned by Mr. Walton's spouse; and options to acquire 6,000 shares of common stock.
- (10)