

FEDERAL TRUST CORP
Form DEFA14A
May 15, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

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 Rule 14a-11(c) or Rule 14a-12

FEDERAL TRUST CORPORATION

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(Name of Registrant as Specified in its Charter)

NOT APPLICABLE

(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:

Federal Trust Corporation

(4) Date Filed:

May 15, 2006

May 12, 2006

Dear Fellow Shareholders:

As we approach the 2006 Annual Meeting, your Board of Directors asks for your support!

It is easy to criticize a company by measuring it to a hand picked peer group to make numbers say what you want; however, the truth is that Federal Trust Corporation's performance continues to improve and your investment is becoming more valuable.

Attached is a non-biased review of Federal Trust's performance. SNL Financial, a leading financial publication, has ranked Federal Trust 5th in the top public thrifts in the United States for 2005. This is the first time Federal Trust has been ranked – not bad for our initial appearance. This independent ranking and the appreciation of your investment could not have been possible if your company functioned as portrayed by Keefe Managers, LLC.

Our growth has been fueled by the fact that we operate as a community bank, which means having local directors that know our community, can be seen at events and can attract business opportunities for our Company. Mr. Hill, a long-time resident of Central Florida with banking experience, has Chaired the Audit Committee since 1998. Mr. Hill, like our other directors, stays current with industry trends and corporate governance issues, most recently completing the Directors' College presented by the National Association of Corporate Directors. His experience and skills are invaluable to Federal Trust.

We recently expanded our Board of Directors with the addition of Eric Reinhold. Mr. Reinhold is a successful entrepreneur and a successful financial planner with significant business contacts in our local market. He is well acquainted with financial statements and investments and, if elected, will be a strong addition to our Board and in actively participating on Board committees.

The nominee proposed by Keefe Managers, LLC, has a reputation of being a turn-around specialist. When I met with Robert Goldstein, I asked him what he thought needed to be addressed at Federal Trust, or if he was aware of any specific problems. He indicated that all that he was aware of was the narrow margin of approval on the stock compensation plan received at last year's Annual Meeting. While we appreciate his interest in serving as a director, we do not believe that he possesses the requisite contacts or knowledge of our market, with his residence in Connecticut and being Chairman of a California company and a director of a Pennsylvania bank holding company.

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The bottom line is: since April 1, 2004 to date, Federal Trust's stock has increased by 54% from \$7.85 to \$12.12. The financial institution that Mr. Goldstein has been associated with in the same period has gone from \$22.35 to \$16.08, a decrease of 28%. The Board's position has always been, and will continue to be, to increase shareholder value and to serve the interests of ALL shareholders, not a select few.

For the reasons stated, we ask that you support the proposals presented by Federal Trust by completing and returning the enclosed **GREEN Proxy Card**, voting:

FOR - the election of Kenneth W. Hill and Eric Reinhold as Class I directors;

FOR - the appointment of Hacker, Johnson & Smith, P.A., as our independent auditors for 2006; and

FOR - the approval to adjourn the Annual Meeting, if necessary, to solicit additional proxies.

Sincerely,

/s/ James V. Suskiewich
James V. Suskiewich
Chairman & Chief Executive Officer