

LaHaise James A
Form 4
December 15, 2006

FORM 4

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

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
LaHaise James A

(Last) (First) (Middle)

3475 PIEDMONT ROAD, SUITE
550

(Street)

ATLANTA, GA 30305

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

FLAG FINANCIAL CORP [FLAG]

3. Date of Earliest Transaction
(Month/Day/Year)

12/08/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
X Officer (give title ____ Other (specify
below) below)

EVP, Chief Revenue Officer

6. Individual or Joint/Group Filing(Check
Applicable Line)
X Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock	12/08/2006		D	150,401	D	0	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8.	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 12.9	12/08/2006		D		4,000		<u>(2)</u>	02/04/2014	Common Stock	4,000
Stock Option (right to buy)	\$ 14.93	12/08/2006		D		5,000		<u>(3)</u>	01/12/2008	Common Stock	5,000
Stock Option (right to buy)	\$ 16.36	12/08/2006		D		15,182		<u>(4)</u>	12/28/2015	Common Stock	15,182
Stock Option (right to buy)	\$ 16.36	12/08/2006		D		4,818		<u>(5)</u>	12/28/2015	Common Stock	4,818

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LaHaise James A 3475 PIEDMONT ROAD SUITE 550 ATLANTA, GA 30305			EVP, Chief Revenue Officer	

Signatures

/s/ James A.
LaHaise

12/15/2006

__Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1)

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Disposed of pursuant to a merger agreement between issuer and RBC Centura Banks, Inc. in exchange for cash in the amount of \$25.50 per share.

- (2) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$50,400, representing the difference between the exercise price of the option and \$25.50.
- (3) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$52,850, representing the difference between the exercise price of the option and \$25.50.
- (4) This option, which provides for vesting in three equal annual increments beginning December 28, 2006 , was canceled in the merger in exchange for a cash payment of \$138,763, representing the difference between the exercise price of the option and \$25.50.
- (5) This option, which was fully vested on the grant date , was canceled in the merger in exchange for a cash payment of \$44,036, representing the difference between the exercise price of the option and \$25.50.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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