

COOPERATIVE BANKSHARES INC

Form 4

August 07, 2006

FORM 4

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
WILLETTS FREDERICK III

2. Issuer Name and Ticker or Trading Symbol
COOPERATIVE BANKSHARES INC [COOP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
201 MARKET STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/03/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
Pres., CEO & Chairman of Board

WILMINGTON, NC 28401

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

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

(City) (State) (Zip)

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)
			Code	V Amount (A) or (D) Price			
Common Stock	08/03/2006		S	1,000 D \$ 17.5	37,325 ⁽¹⁾	I	By Trust (medical)
Common Stock					257,772 ⁽²⁾	D	
Common Stock					53,808 ⁽³⁾ ⁽⁴⁾	I	By 401(k)
Common Stock					68,662 ⁽⁵⁾ ⁽⁶⁾	I	By Mother
Common Stock					49,462 ⁽⁵⁾ ⁽⁷⁾	I	By Mother's IRA

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Common Stock	3,441 <u>(8)</u> <u>(9)</u>	I	By Spouse
Common Stock	158,197 <u>(10)</u>	I	By Trust (Father)
Common Stock	3,024 <u>(8)</u> <u>(11)</u>	I	by trust for 1st daughter
Common Stock	3,024 <u>(8)</u> <u>(12)</u>	I	By trust for 2nd daughter
Common Stock	3,024 <u>(8)</u> <u>(13)</u>	I	By Trust for 3rd daughter
Common Stock	1,014 <u>(8)</u> <u>(14)</u>	I	by wife in trust for 3 daughters
Common Stock	1,615 <u>(15)</u>	I	by Willetts Building Trust

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)

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. Amount or Number of Shares
Stock Option (Right to Buy)	\$ 12 <u>(16)</u>			Code V (A) (D)		Date Exercisable 12/29/2004 ⁽¹⁷⁾ Expiration Date 12/29/2014	Common Stock	15,750 <u>(16)</u>

Stock					
Option	\$ 13.77				
(Right to Buy)	(18)	12/14/2005 ⁽¹⁷⁾	12/14/2015	Common Stock	10,500 (18)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WILLETTS FREDERICK III 201 MARKET STREET WILMINGTON, NC 28401	X	X	Pres., CEO & Chairman of Board	

Signatures

/s/ Willetts, III,
Frederick

08/07/2006

**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) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 12,775 additional shares of common stock.
- (2) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 85,924 additional shares of common stock.
- (3) Reflects stock acquired through Cooperative Bankshares 401(k) plan exempt from reporting under Rule 16b-3(c).
- (4) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 17,936 additional shares of common stock.
- (5) Reporting person may be deemed the beneficial owner of shares beneficially owned by his mother due to dispositive authority granted to him under a general Power of Attorney on behalf of and for the benefit of his mother. Reporting person disclaims having a beneficial ownership interest in such shares for purposes of Section 16 under the Securities and Exchange Act of 1934.
- (6) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 22,887 additional shares of common stock.
- (7) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 16,487 additional shares of common stock.
- (8) This form reflects increases in beneficial ownership resulting from exempt acquisitions pursuant to Rule 16a-11.
- (9) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 1,143 additional shares of common stock.
- (10) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 52,732 additional shares of common stock.
- (11) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 1,005 additional shares of common stock.
- (12) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 1,005 additional shares of common stock.
- (13) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 1,005 additional shares of common stock.

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- (14) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 337 additional shares of common stock.
- (15) On June 30, 2006, the common stock of Cooperative Bankshares, Inc. split 3-for-2, resulting in the reporting person's acquisition of 538 additional shares of common stock.
- (16) This option was previously reported as covering 10,500 shares at an exercise price of \$18.00 per share, but was adjusted to reflect the 3-for-2 stock split on June 30, 2006.
- (17) Stock Options fully vested on date of grant.
- (18) This option was previously reported as covering 7,000 shares at an exercise price of \$20.66 per share, but was adjusted to reflect the 3-for-2 stock split on June 30, 2006.

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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