WILLETTS FREDERICK III

Form 4 June 06, 2006

FORM 4

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

OMB Number: 3235-0287

Estimated average

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Expires: January 31, 2005

OMB APPROVAL

Form 4 or Form 5 obligations may continue.

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

burden hours per response... 0.5

See Instruction

1(b).

(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		(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 06/05/2006	_X_ Director _X_ 10% Owner _X_ Officer (give title below) below) Pres., CEO & Chairman of Board
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person
WILMINGTON, NC 28401				Form filed by More than One Reporting Person

(City)	(State)	(Zip) Tabl	le I - Non-l	Derivative	Secur	ities Acqu	iired, Disposed o	f, or Beneficia	lly Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)			5. Amount of Securities Beneficially Owned Following	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code V	Amount	(A) or (D)	Price	Reported Transaction(s) (Instr. 3 and 4)	(Instr. 4)	
Common Stock	06/05/2006		M	13,500	A	\$ 7.29	167,131	D	
Common Stock	06/05/2006		M	12,000	A	\$ 7.67	179,131	D	
Common Stock	06/05/2006		F	7,283	D	\$ 26.15	171,848	D	
Common Stock							35,694 <u>(1)</u>	I	By 401(k)
Common Stock							46,775 <u>(2)</u>	I	By Mother

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Common Stock	32,975 <u>(2)</u>	I	By Mother's IRA
Common Stock	2,287 (3)	I	By Spouse
Common Stock	105,465	I	By Trust (Father)
Common Stock	25,550	I	By Trust (medical)
Common Stock	2,011 (3)	I	by trust for 1st daughter
Common Stock	2,011 (3)	I	By trust for 2nd daughter
Common Stock	2,011 (3)	I	By Trust for 3rd daughter
Common Stock	674 (3)	I	by wife in trust for 3 daughters
Common Stock	1,077	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)	Code	5. Number of iorDerivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	ee Expiration Date s (Month/Day/Year) (A) sed of		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Share
	\$ 7.29	06/05/2006		M	13,500	08/28/1999(4)	08/28/2009		13,500

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Stock Option (Right to Buy)							Common Stock	
Stock Option (Right to Buy)	\$ 7.67	06/05/2006	M	12,000	12/21/2001(4)	12/21/2011	Common Stock	12,000
Stock Option (Right to Buy)	\$ 18				12/29/2004(4)	12/29/2014	Common Stock	10,500
Stock Option (Right to Buy)	\$ 20.66				12/14/2005(4)	12/14/2015	Common Stock	7,000

Reporting Owners

Reporting Owner Name / Address	Relationships				
·r· · · · · · · · · · · · · · · · · · ·	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

**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) Reflects stock acquired through Cooperative Bankshares 401(k) plan exempt from reporting under Rule 16b-3(c).
- 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. 1,590 shares previously reported as being owned indirectly through the mother's IRA are now owned by the mother directly.
- (3) Reflects stock acquired through Cooperative Bankshares Dividend Reinvestment Plan exempt from reporting under Rule 16a-11.
- (4) Stock Options fully vested on date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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