

WILLETTS FREDERICK III
Form 4
May 23, 2007

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)
05/21/2007

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 | 05/22/2007 | | S | | 100 D \$ 17 | 61,227 <u>(1)</u> | I By Mother |
| Common Stock | 05/21/2007 | | S | | 100 D \$ 16.3 | 37,225 <u>(2)</u> | I By Trust (medical) |
| Common Stock | 05/22/2007 | | S | | 400 D \$ 16.3 | 36,825 <u>(2)</u> | I By Trust (medical) |
| Common Stock | | | | | | 257,771 | D |
| Common Stock | | | | | | 54,458 | I By 401(k) |

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| | | | |
|--------------|-----------------------|---|----------------------------------|
| Common Stock | 47,793 ⁽¹⁾ | I | By Mother's IRA |
| Common Stock | 3,459 | I | By Spouse |
| Common Stock | 158,197 | I | By Trust (Father) |
| Common Stock | 3,040 | I | by trust for 1st daughter |
| Common Stock | 3,040 | I | By trust for 2nd daughter |
| Common Stock | 3,040 | I | By Trust for 3rd daughter |
| Common Stock | 1,020 | I | by wife in trust for 3 daughters |
| Common Stock | 1,615 | I | by Willetts Building Trust |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(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 |
|--|--|--------------------------------------|--|--------------------------------|---|---|---|-------------------------------|
| | \$ 12 | | | Code V (A) (D) | | Date Exercisable 12/29/2004 ⁽³⁾ Expiration Date 12/29/2014 | Title | 15,750 |

| | | | | | | |
|--------------------------------------|----------|---------------------------|------------|--|-----------------|--------|
| Stock Option (Right to Buy) | | | | | Common Stock | |
| Stock Option (Right to Buy) | \$ 13.77 | 12/14/2005 ⁽³⁾ | 12/14/2015 | | Common Stock | 10,500 |

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

05/23/2007

**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).
- Reporting person may be deemed the beneficial owner of shares beneficially owned by his mother due to dispositive authority granted to
- (1) 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.
 - (2) Reporting person, as trustee of his sister's medical trust, may be deemed the beneficial owner of the shares held in such trust for the benefit of his sister.
 - (3) 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.