

WILLETTS FREDERICK III
 Form 4
 June 06, 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)
06/05/2006

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount (A) or (D) Price		
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 ⁽¹⁾	I By 401(k)
Common Stock						46,775 ⁽²⁾	I By Mother

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Common Stock	32,975 ⁽²⁾	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.

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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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)
	\$ 7.29	06/05/2006		M	13,500	08/28/1999 ⁽⁴⁾ 08/28/2009	Amount or Number of Shares

Stock Option (Right to Buy)	Exercise Price	Grant Date	Exercise Date	Expiration Date	Common Stock	Quantity
Stock Option (Right to Buy)	\$ 7.67	06/05/2006	M	12/21/2011	Common Stock	12,000
Stock Option (Right to Buy)	\$ 18			12/29/2004 ⁽⁴⁾	Common Stock	10,500
Stock Option (Right to Buy)	\$ 20.66			12/14/2005 ⁽⁴⁾	Common Stock	7,000

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

06/06/2006

**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) 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.