

WILLETTS FREDERICK III  
Form 4  
December 13, 2005

**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)  
12/09/2005

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)
				(A) or (D) Code V Amount (D) Price			
Common Stock	12/09/2005		S	1,000 D \$ 21.25	143,631	D	
Common Stock					34,769 <sup>(1)</sup>	I	By 401(k)
Common Stock					47,185	I	By Mother
Common Stock					34,565 <sup>(2)</sup>	I	By Mother's IRA
Common Stock					2,277 <sup>(1)</sup>	I	By Spouse

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Common Stock		105,465	I	By Trust (Father)
Common Stock		25,550	I	By Trust (medical)
Common Stock		2,002 <sup>(1)</sup>	I	by trust for 1st daughter
Common Stock		2,002 <sup>(1)</sup>	I	By trust for 2nd daughter
Common Stock		2,002 <sup>(1)</sup>	I	By Trust for 3rd daughter
Common Stock		671 <sup>(1)</sup>	I	by wife in trust for 3 daughters
Common Stock		31,077	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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**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)	\$ 7.29			Code V (A) (D)		Date Exercisable: 08/28/1999 <sup>(3)</sup> Expiration Date: 08/28/2009	Common Stock	13,500

Stock Option (Right to Buy)	\$ 7.67	12/21/2001 <sup>(3)</sup>	12/21/2011	Common Stock	12,000
Stock Option (Right to Buy)	\$ 18	12/29/2004 <sup>(3)</sup>	12/29/2014	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

12/13/2005

\_\_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 Dividend Reinvestment Plan exempt from reporting under Rule 16a-11.

Reporting person may be deemed the beneficial owner of shares owned by his mother due to the exercise of, solely on his mother's behalf  
(2) and for her benefit, dispositive authority granted to him under a general Power of Attorney. Reporting person disclaims having a beneficial ownership interest in such shares for purposes of Section 16 under the Securities and Exchange Act of 1934.

(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.

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