

COOPERATIVE BANKSHARES INC

Form 8-K

June 22, 2009

1

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): June 19, 2009

COOPERATIVE BANKSHARES, INC.
(Exact name of registrant as specified in charter)

| | | |
|--|--|--|
| NORTH CAROLINA (State or other jurisdiction of incorporation) | 0-24626 (Commission File Number) | 56-1886527 (IRS Employer Identification No.) |
|--|--|--|

201 MARKET STREET, WILMINGTON, NORTH CAROLINA 28401
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (910) 343-0181

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

2

ITEM 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT.

The information included in Item 1.03 of this Current Report on Form 8-K is incorporated herein by reference.

Edgar Filing: COOPERATIVE BANKSHARES INC - Form 8-K

ITEM 1.03 BANKRUPTCY OR RECEIVERSHIP.

On June 19, 2009, Cooperative Bank (the "Bank"), the wholly owned subsidiary of Cooperative Bankshares, Inc. (the "Company"), was closed by the North Carolina Commissioner of Banks and the Federal Deposit Insurance Corporation (the "FDIC") was appointed as receiver of the Bank. On that same date, First Bank, Troy, North Carolina, acquired substantially all banking operations, including substantially all of the deposits, of the Bank and purchased most of the Bank's assets in a transaction facilitated by the FDIC.

The Company's principal asset is its ownership of the common stock of the Bank and, as a result of the receivership of the Bank, the Company has very limited remaining tangible assets. As the owner of all of the capital stock of the Bank, the Company would be entitled to the net recoveries, if any, following the liquidation or sale of the Bank or its assets by the FDIC. However, at this time, the Company does not expect that it will realize any such recoveries.

In connection with the receivership of the Bank, both the Company and the Bank expect to receive notices from substantially all of the counterparties (including, without limitation, lenders) to the Company's and/or Bank's material agreements, of alleged events of default under those agreements, and of those counterparties' intentions to terminate those agreements or accelerate the Company's and/or Bank's performance of those agreements. The Company and/or Bank may dispute certain of those notices. However, in the event of a default by the Company and/or Bank under one or more of those material agreements, or in the event of the termination of one or more of the material agreements, the Company and/or Bank may be subject to penalties under those agreements and also may suffer cross-default claims from counterparties under the Company's and/or Bank's other agreements.

As a result of the Bank's receivership, it is highly likely that the Company will be required to cease operations and liquidate or seek bankruptcy protection. If the Company were to liquidate or seek bankruptcy protection, the Company believes that there would be no assets available to holders of the capital stock of the Company.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS.

The information included in Item 1.03 of this Current Report on Form 8-K is incorporated herein by reference.

ITEM 2.04 TRIGGERING EVENTS THAT ACCELERATE OR INCREASE A DIRECT FINANCIAL

OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT.

The information included in Item 1.03 of this Current Report on Form 8-K is incorporated herein by reference.

3

ITEM 8.01 OTHER EVENTS.

On June 19, 2009, the FDIC issued a press release announcing the receivership of the Bank and the acquisition of substantially all of the Bank's deposits and assets by First Bank. A copy of the press release is attached to this to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference herein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

Edgar Filing: COOPERATIVE BANKSHARES INC - Form 8-K

(d) Exhibits

| Number ----- | Description ----- |
|-----------------|--|
| 99.1 | FDIC Press Release dated June 19, 2009 |

4

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COOPERATIVE BANKSHARES, INC.

/s/ Todd L. Sammons

Todd L. Sammons
Chief Financial Officer and Interim
President and Chief Executive Officer

Date: June 19, 2009