

FLAG FINANCIAL CORP
Form 4
December 18, 2006

FORM 4

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

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

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
WILEY J THOMAS JR

(Last) (First) (Middle)

**3475 PIEDMONT ROAD, N.E.,
SUITE 550**

(Street)

ATLANTA, GA 30305

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

FLAG FINANCIAL CORP [FLAG]

3. Date of Earliest Transaction
(Month/Day/Year)

12/08/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title ____X____ Other (specify
below) below)
Chief Banking Officer / Vice Chairman

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

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	12/08/2006		D		310,855	D	11 0	D
Common Stock	12/08/2006		D		600	D	11 0	I Custodian
Common Stock	12/08/2006		D		1,225	D	11 0	I Retirement Account

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

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information contained in this form are not
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SEC 1474
(9-02)

number.

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
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title		
Stock Option (right to buy)	\$ 12.9	12/08/2006		D	5,000	<u>(2)</u>	02/14/2014	Common Stock		5,000
Stock Option (right to buy)	\$ 14.93	12/08/2006		D	6,000	<u>(3)</u>	01/12/2015	Common Stock		6,000
Stock Option (right to buy)	\$ 16.36	12/08/2006		D	14,393	<u>(4)</u>	12/28/2015	Common Stock		14,393
Stock Option (right to buy)	\$ 16.36	12/08/2006		D	25,607	<u>(5)</u>	12/28/2015	Common Stock		25,607

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WILEY J THOMAS JR 3475 PIEDMONT ROAD, N.E., SUITE 550 ATLANTA, GA 30305			Chief Banking Officer	Vice Chairman

Signatures

/s/ Thomas
Wiley, Jr. 12/18/2006

**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) Disposed of pursuant to a merger agreement between issuer and RBC Centura Banks, Inc. in exchange for cash in the amount of \$25.50 per share.
- (2) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$63,000, representing the difference between the exercise price of the option and \$25.50.
- (3) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$63,420, representing the difference between the exercise price of the option and \$25.50.
- (4) This option, which provides for vesting in three equal annual increments beginning December 28, 2005 , was canceled in the merger in exchange for a cash payment of \$131,552, representing the difference between the exercise price of the option and \$25.50.
- (5) This option, which was fully vested on the grant date , was canceled in the merger in exchange for a cash payment of \$234,047, representing the difference between the exercise price of the option and \$25.50.

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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