

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C. 20429**

OMB APPROVAL

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FORM F-7

**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES
FDIC FORM 6112/01 (11-00)
(12 C.F.R. 335.611)**

THE FDIC IS AUTHORIZED TO SOLICIT THE INFORMATION REQUIRED BY THIS FORM PURSUANT TO SECTIONS 12(i), 16(a), and 23(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AND THE RULES AND REGULATIONS THEREUNDER.

SEC RULES REFERENCED IN THIS FORM APPEAR AT 17 C.F.R. §§240.16a-1 THROUGH 16e-1.

DISCLOSURE OF INFORMATION SPECIFIED ON THIS FORM IS MANDATORY, EXCEPT FOR DISCLOSURE OF THE IRS IDENTIFICATION NUMBER OF THE REPORTING PERSON IF SUCH PERSON IS AN ENTITY, WHICH IS VOLUNTARY. IF SUCH NUMBERS ARE FURNISHED, THEY WILL ASSIST THE FDIC IN DISTINGUISHING REPORTING PERSONS WITH SIMILAR NAMES AND WILL FACILITATE THE PROMPT PROCESSING OF THE FORM. THE INFORMATION WILL BE USED FOR THE PRIMARY PURPOSE OF DISCLOSING THE HOLDINGS OF DIRECTORS, OFFICERS, AND BENEFICIAL OWNERS OF REGISTERED COMPANIES. INFORMATION DISCLOSED WILL BE A MATTER OF PUBLIC RECORD AND AVAILABLE FOR INSPECTION BY MEMBERS OF THE PUBLIC. THE FDIC CAN USE IT IN INVESTIGATIONS OR LITIGATION INVOLVING THE FEDERAL SECURITIES LAWS OR OTHER CIVIL, CRIMINAL, OR REGULATORY STATUTES OR PROVISIONS, AS WELL AS FOR REFERRAL TO OTHER GOVERNMENTAL AUTHORITIES AND SELF-REGULATORY ORGANIZATIONS. FAILURE TO DISCLOSE REQUIRED INFORMATION MAY RESULT IN CIVIL OR CRIMINAL ACTION AGAINST PERSONS INVOLVED FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS AND RULES.

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 CURRENT, VALID OMB CONTROL NUMBER.

GENERAL INSTRUCTIONS

1. Who Must File

(a) This Form must be filed by the following persons ("reporting person"):

(i) any director or officer of a bank with a class of equity securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 ("Exchange Act"); (*Note*: Title is not determinative for purposes of determining "officer" status. See SEC Rule 16a-1(f) for the definition of "officer");

(ii) any beneficial owner of greater than 10% of a class of equity securities registered under Section 12 of the Exchange Act, as determined by voting or investment control over the securities pursuant to SEC Rule 16a-1(a)(1) ("10 percent holder"); and

(iii) any trust, trustee, beneficiary or settlor required to report pursuant to SEC Rule 16a-8.

(b) If a reporting person is not an officer, director, or 10 percent holder, the person should check "other" in Item 5 (Relationship of Reporting Person to Bank) and describe the reason for reporting status in the space provided.

(c) If a person described above does not beneficially own any securities required to be reported (See SEC Rule 16a-1 and Instruction 5), the person is required to file this Form and state that no securities are beneficially owned.

2. When Form Must Be Filed

(a) This Form must be filed within 10 days after the event by which the person becomes a reporting person (*i.e.*, officer, director, 10 percent holder or other person). This Form and any amendment is deemed filed with the FDIC or the Exchange on the date it is received by the FDIC or the Exchange, respectively. See, however, SEC Rule 16a-3(h) regarding delivery to a third-party business that guarantees delivery of the filing no later than the specified due date.

(b) A reporting person of a bank that is registering securities for the first time under Section 12 of the Exchange Act must file this Form no later than the effective date of the registration statement.

(c) A separate Form shall be filed to reflect beneficial ownership of securities of each bank.

3. Where Form Must Be Filed

(a) File three copies of this Form or any amendment, of which at least one must be signed manually, with the Registration, Disclosure and Securities Operations Unit, Division of Supervision, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington, D.C. 20429. (*Note*: Acknowledgment of receipt by the FDIC may be obtained by enclosing a self-addressed stamped postcard identifying the Form or amendment filed.)

(b) At the time this Form or any amendment is filed with the FDIC, file one copy with each Exchange on which any class of securities of the bank is registered. If the bank has designated a single exchange to receive Section 16 filings, the copy shall be filed with that Exchange only.

(c) Any person required to file this Form or amendment shall, no later than at the time the Form or amendment is transmitted for filing with the FDIC, send or deliver a copy to the person designated by the bank to receive the copy or, if no person is so designated, the bank's corporate secretary (or person performing similar functions) in accordance with SEC Rule 16a-3(e).

4. Class of Securities Reported

(a) Persons reporting pursuant to Section 16(a) of the Exchange Act shall include information as to their beneficial ownership of any class of equity securities of the bank, even though one or more of such classes may not be registered pursuant to Section 12 of the Exchange Act.

(b) The title of the security should clearly identify the class, even if the bank has only one class of securities outstanding; for example: "Common Stock," "Class A Common Stock," "Class B Convertible Preferred Stock," etc.

(c) The amount of securities beneficially owned should state the face amount of debt securities (U.S. Dollars) or the number of equity securities, whichever is appropriate.

5. Holdings Required to Be Reported

(a) General Requirements

Report holdings of each class of securities of the bank beneficially owned as of the date of the event requiring the filing of this Form. See Instruction 4 as to securities required to be reported.

(b) Beneficial Ownership Reported (*Pecuniary Interest*)

(i) Although, for purposes of determining status as 10 percent holder, a person is deemed to beneficially own securities over which that person has voting or investment control (See SEC Rule 16a-1(a)(1)), for reporting purposes, a person is deemed to be the beneficial owner of securities if that person has or shares the opportunity, directly or indirectly, to profit or share in any profit derived from a transaction in the securities ("pecuniary interest"). See SEC Rule 16a-1(a)(2). See also SEC Rule 16a-8 for the application of the beneficial ownership definition to trust holdings and transactions.

(ii) Both direct and indirect beneficial ownership of securities shall be reported. Securities beneficially owned directly are those held in the reporting person's name or in the name of a bank, broker or nominee for the account of the reporting person. In addition, securities held as joint tenants, tenants in common, tenants by the entirety, or as community property are to be reported as held directly. If a person has a pecuniary interest, by reason of any contract, understanding or relationship (including a family relationship or arrangement) in securities held in the name of another person, that person is an indirect beneficial owner of those securities. See SEC Rule 16a-1(a)(2)(ii) for certain indirect beneficial ownerships.

(iii) Report securities beneficially owned directly on a separate line from those beneficially owned indirectly. Report different forms of indirect ownership on separate lines. The nature of indirect ownership shall be stated as specifically as possible; for example, "By Self as Trustee for X," "By Spouse," "By X Trust," "By Y Corporation," etc.

(iv) In stating the amount of securities owned indirectly through a partnership, corporation, trust, or other entity, report the number of securities representing the reporting person's proportionate interest in securities beneficially owned by that entity. Alternatively, at the option of the reporting person, the entire amount of the entity's interest may be reported. See SEC Rule 16a-1(a)(2)(ii)(B) and SEC Rule 16a-1(a)(2)(iii).

(v) Where more than one person beneficially owns the same equity securities, such owners may file Form F-7 individually or jointly. Joint and group filings may be made by any designated beneficial owner. Holdings of securities owned separately by any joint or group filer are permitted to be included in the joint filing. Indicate only the name and address of the designated filer in Item 1 of Form F-7 and attach a listing of the names and IRS or social security numbers (or addresses in lieu thereof) of each other reporting person. Joint and group filings must include all required information for each beneficial owner, and such filings must be signed by each beneficial owner, or on behalf of such owner by an authorized person. If the space provided for signatures is insufficient, attach a signature page.

Submit any attached listing of names or signatures on another Form F-7, copy of Form F-7 or separate page of 8 1/2x11 inch white paper, indicate the number of pages comprising the report (Form plus attachments) at the bottom of each report page (e.g., 1 of 3, 2 of 3, 3 of 3), and include the name of the designated filer and information required by Items 2 and 4 of the Form on the attachment.

(c) *Non-Derivative and Derivative Securities*

(i) Report non-derivative securities beneficially owned in Table I and derivative securities (e.g., puts, calls, options, warrants, convertible securities, or other rights or obligations to buy or sell securities) beneficially owned in Table II. Derivative securities beneficially owned that are both equity securities and convertible or exchangeable for other equity securities (e.g., convertible preferred securities) should be reported only on Table II.

(ii) The title of a derivative security and the title of the equity security underlying the derivative security should be shown separately in the appropriate columns in Table II. The "puts" and "calls" reported in Table II include, in addition to separate puts and calls, any combination of the two, such as spreads and straddles. In reporting an option in Table II, state whether it represents a right to buy, a right to sell, an obligation to buy, or an obligation to sell the equity securities subject to the option.

(iii) Describe in the appropriate columns in Table II characteristics of derivative securities, including title, exercise or conversion price, date exercisable, expiration date, and the title and amount of securities underlying the derivative security.

(iv) Securities constituting components of a unit shall be reported separately on the applicable table (e.g., if a unit has a non-derivative security component and a derivative security component, the non-derivative security component shall be reported in Table I and the derivative security component shall be reported in Table II). The relationship between individual securities comprising the unit shall be indicated in the space provided for explanation of responses.

6. Additional Information

If space provided in the line items of this Form or space provided for additional comments is insufficient, attach another Form F-7, copy of Form F-7 or separate page of 8 1/2x11 inch white paper to Form F-7, completed as appropriate to include the additional comments. Each attached page must include information required in Items 1, 2, and 4 of the Form. The number of pages comprising the report (Form plus attachments) shall be indicated at the bottom of each report page (e.g., 1 of 3, 2 of 3, 3 of 3). If additional information is not reported in this manner, it will be assumed that no additional information was provided.

7. Signature

(a) If the Form is filed for an individual, it shall be signed by that person or specifically on behalf of the individual by a person authorized to sign for the individual. If signed on behalf of the individual by another person, the authority of such person to sign the Form shall be confirmed to the FDIC in writing in an attachment to the Form or as soon as practicable in an amendment by the individual for whom the Form is filed, unless such a confirmation still in effect is on file with the FDIC. The confirming statement need only indicate that the reporting person authorizes and designates the named person or persons to file the Form on the reporting person's behalf, and state the duration of the authorization.

(b) If the Form is filed for a corporation, partnership, trust, or other entity, the capacity in which the individual signed shall be set forth (e.g., John Smith, Secretary, on behalf of X Corporation).

FORM F-7

**Federal Deposit Insurance Corporation
Washington, D.C. 20429**

OMB APPROVAL

OMB NUMBER: 3064-0030
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hours per response ...1.0

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934

(PLEASE PRINT OR TYPE ALL RESPONSES)

1. Name of Reporting Person (Last, First, Middle)* Stephen W. Harris		2. Date of Event Requiring Statement (Month/Day/Year) April 23, 2002	4. Issuer Name and Ticker or Trading Symbol CARDINAL STATE BANK	
Street Address C/O CARDINAL STATE BANK 3710 UNIVERSITY DRIVE SUITE 100		3. IRS Identification Number of Reporting Person, if an Entity (Voluntary) 241-56-9937	5. Relationship of Reporting Person to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (Specify below) Vice Chairman of the Board	
City DURHAM	State NC	ZIP Code 27707	6. If Amendment, Date of Original (Month/Day/Year)	
			7. Individual or Joint/Group Filing (Check Applicable Box) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person	

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	10,000 Shares	D	
Common Stock	1,000 Shares	I	By Spouse

Table II - Derivative Securities Beneficially Owned (e.g., plus, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of shares			
Nonstatutory Stock Options	See (1) Below	10/02/2011	Common Stock	7,500 Shares	\$11.00	D	

Explanation of Responses:

(1) 50% of the options vested as of the date of grant(October 2, 2001); 25% will vest on the first anniversary of the date of grant and 25% will vest on the second anniversary of the date of grant.

**Signature of Reporting Person

April 25, 2002

Date

NOTE: File three copies of this Form, one of which must be manually signed. If the space provided is insufficient, see Instruction 6 for procedure (12 C.F.R. 335.611). Potential persons who are to respond to the collection of information contained on this form are not required to respond unless the form displays a current, valid OMB Control Number. **Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

BURDEN STATEMENT

Public reporting burden for this collection of information is estimated to average 1.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to the Assistant Executive Director, Information Collection Projects, Bureau of Economic Analysis, Washington, DC 20503-2901.