

CHARLES & COLVARD LTD
 Form 4
 April 27, 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 *
OBRIEN WALTER J JR

2. Issuer Name and Ticker or Trading Symbol
**CHARLES & COLVARD LTD
 [CTHR]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 04/26/2005

Director 10% Owner
 Officer (give title below) Other (specify below)

**C/O CHARLES & COLVARD,
 LTD., 300 PERIMETER PARK
 DRIVE, SUITE A**

(Street)

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

MORRISVILLE, NC 27560

(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 Ownership (Instr. 4)
				(A) or (D)	Price		
common stock	04/26/2005		M	5,000	A \$ 5.375	20,200	D
common stock	04/26/2005		M	7,500	A \$ 5.375	27,700	D

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)	\$ 5.375	04/26/2005		M	5,000	05/07/2001 05/14/2005	common stock	5,000
stock option (right to buy)	\$ 5.375	04/26/2005		M	7,500	<u>(1)</u> 05/14/2005	common stock	7,500

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

OBRIEN WALTER J JR
C/O CHARLES & COLVARD, LTD.
300 PERIMETER PARK DRIVE, SUITE A X
MORRISVILLE, NC 27560

Signatures

Robert S. Thomas, by Power of Attorney 04/27/2005

 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) These options were granted on 5/15/00 and became exercisable in three equal installments on 5/15/01, 5/15/02, & 5/15/03

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.