

CHARLES & COLVARD LTD  
Form 4  
July 27, 2005

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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**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 \*  
THORNTON GEORGE A III

(Last) (First) (Middle)

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

(Street)

MORRISVILLE, NC 27560

(City) (State) (Zip)

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
07/26/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4)
				(A) or (D)	Price		
common stock	07/26/2005		M	A	\$ 4,125 4.248	51,566	D
common stock	07/26/2005		S	D	\$ 4,125 26.05	47,441	D
common stock	07/26/2005		M	A	\$ 8,400 4.705	55,841	D
common stock	07/26/2005		S	D	\$ 8,400 26.05	47,441	D
	07/26/2005		S	D	\$ 1,095 26	46,346	D

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common stock							
common stock	07/26/2005	S	900	D	\$ 26.07	45,446	D
common stock	07/26/2005	S	1,300	D	\$ 26.09	44,146	D
common stock	07/26/2005	S	400	D	\$ 26.11	43,746	D
common stock	07/26/2005	S	500	D	\$ 26.12	43,246	D
common stock	07/26/2005	S	800	D	\$ 26.14	42,446	D
common stock	07/26/2005	S	887	D	\$ 26.18	41,559	D
common stock	07/26/2005	S	313	D	\$ 26.58	41,246	D
common stock	07/26/2005	S	250	D	\$ 26.6	40,996	D
common stock	07/26/2005	S	155	D	\$ 26.62	40,841	D
common stock	07/26/2005	S	100	D	\$ 26.08	40,741	D

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**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
		07/26/2005		M	(A)	05/12/2004 05/11/2008		4,125

