

CHARLES & COLVARD LTD
Form 4
July 27, 2005

FORM 4

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

OMB APPROVAL

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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.

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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 |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| | | 07/26/2005 | | M | | 05/12/2004 05/11/2008 | | 4,125 |

