

RUSS FREDERICK A  
Form 4  
November 22, 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 \*  
RUSS FREDERICK A

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)  
11/18/2005

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 Indirect Beneficial Ownership (Instr. 4)
				(A) or (D)	Price		
			Code	V	Amount		
common stock	11/18/2005		M		5,250	A	\$ 1.267
					251,496 <sup>(1)</sup>		D
common stock	11/18/2005		M		8,400	A	\$ 5.381
					259,896		D
common stock	11/18/2005		S		10,000	D	\$ 29.3
					249,896		D
common stock	11/18/2005		S		3,650	D	\$ 28.34
					246,246		D

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

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(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
Stock option (right to buy)	\$ 1.267	11/18/2005		M	5,250	05/14/2002 05/13/2006	common stock	5,250
Stock option (right to buy)	\$ 5.381	11/18/2005		M	8,400	05/20/2003 05/19/2007	common stock	8,400

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RUSS FREDERICK A C/O CHARLES & COLVARD, LTD. 300 PERIMETER PARK DRIVE, SUITE A MORRISVILLE, NC 27560	X			

## Signatures

James R. Braun, by Power of Attorney  
11/22/2005

\*\*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) Number of shares owned adjusted 5% for 2005 stock dividend.

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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