

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>Gavales Lisa A.</u>  (Last) (First) (Middle) <u>C/O CHARLES &amp; COLVARD, LTD.</u> <u>3800 GATEWAY BLVD., SUITE 310</u>  (Street) <u>MORRISVILLE NC 27560</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>CHARLES &amp; COLVARD LTD [ CTHR ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  <input checked="" type="checkbox"/> Director 10% Owner  Officer (give title below) Other (specify below)	
	3. Date of Earliest Transaction (Month/Day/Year) <u>07/30/2004</u>		
	4. If Amendment, Date of Original Filed (Month/Day/Year)		
		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
common stock	07/30/2004		P		400	A	\$6	400	D	
common stock	07/30/2004		P		1,000	A	\$6	1,400	D	
common stock	07/30/2004		P		500	A	\$6	1,900	D	
common stock	07/30/2004		P		300	A	\$6	2,200	D	
common stock	07/30/2004		P		700	A	\$6	2,900	D	
common stock	07/30/2004		P		300	A	\$6	3,200	D	
common stock	07/30/2004		P		500	A	\$5.99	3,700	D	
common stock	07/30/2004		P		200	A	\$5.99	3,900	D	
common stock	07/30/2004		P		900	A	\$6	4,800	D	
common stock	07/30/2004		P		300	A	\$6	5,100	D	
common stock	07/30/2004		P		150	A	\$6	5,250	D	
common stock	07/30/2004		P		300	A	\$6	5,550	D	
common stock	07/30/2004		P		160	A	\$6	5,710	D	
common stock	07/30/2004		P		400	A	\$6	6,110	D	
common stock	08/02/2004		P		8,300	A	\$6	14,410	D	
common stock	08/02/2004		P		400	A	\$6	14,810	D	
common stock	08/02/2004		P		200	A	\$6	15,010	D	
common stock	08/02/2004		P		100	A	\$6	15,110	D	

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

James R. Braun, by Power of Attorney 08/03/2004

\*\* Signature of Reporting Person Date

\* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

**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 Number.**