

**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
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1. Name and Address of Reporting Person* <u>HINES EARL R</u>			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) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>Senior VP of Manufacturing</u>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>11/15/2005</u>			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		
C/O CHARLES & COLVARD 300 PERIMETER PARK DRIVE, SUITE A			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(Street) <u>MORRISVILLE NC 27560</u>								
(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)
			Code	V	Amount	(A) or (D)	Price			
common stock	11/15/2005		M		999	A	\$4.248	1,199	D	
common stock	11/15/2005		M		9,001	A	\$4.219	10,200	D	
common stock	11/15/2005		S		10,000	D	\$28.25	200	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						Title
stock option (right to buy)	\$4.248	11/15/2005		M			999	02/13/2003	02/12/2013	common stock	999	\$0	0	D	
stock option (right to buy)	\$4.219	11/15/2005		M			5,534	12/31/2004	03/10/2014	common stock	5,534	\$0	0	D	
stock option (right to buy)	\$4.219	11/15/2005		M			3,467	03/10/2004 <sup>(1)</sup>	03/10/2014	common stock	3,467	\$0	17,248	D	

**Explanation of Responses:**

1. Total options 20,715 granted on 3/10/04 became exercisable as follows: 13,125 on 03/10/04 and 7,590 on 12/31/04. Number of stock options adjusted 5% for 2005 stock dividend

Earl Hines 11/17/2005

\*\* Signature of Reporting Person Date

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

\* 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.