

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **July 15, 2024**

Charles & Colvard, Ltd.

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation)

000-23329
(Commission File
Number)

56-1928817
(I.R.S. Employer
Identification No.)

170 Southport Drive
Morrisville, North Carolina
(Address of principal executive offices)

27560
(Zip Code)

(919) 468-0399
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value per share	CTHR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b - 2 of the Securities Exchange Act of 1934 (17 CFR 240.12b - 2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In response to the impacts of significant gold pricing increases, lab grown diamond and moissanite pricing, inflation and a deeply discounted retail environment on the business of Charles & Colvard, Ltd. (the "Company"), on July 15, 2024, the Company entered into amendments (the "Amendments") to the employment agreements of each of Don O'Connell, the Company's President and Chief Executive Officer, and Clint J. Pete, the Company's Chief Financial Officer (collectively, the "Executives"), pursuant to which the Executives' base salaries will each be reduced by 10%, effective June 24, 2024 and continuing until such date as the Company's Board of Directors (the "Board") may determine. The Executives will not be entitled to any back pay for the period of time that their base salaries are reduced.

The foregoing description of the Amendments does not purport to be complete and is qualified in its entirety by reference to the Amendments, copies of which are filed as Exhibits 10.1 and 10.2 to this Form 8-K and are incorporated herein by reference.

Item 8.01. Other Events.

For the same reasons as outlined in Item 5.02 above, the Board approved a 100% reduction in fees paid to the Company's directors, beginning with the fiscal quarter ending June 30, 2024 and continuing until such date as the Board may determine. The directors will not be entitled to any back pay of fees for the period of time that their fees are reduced.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description of Document
10.1	Amendment to 2020 Amended and Restated Employment Agreement, dated July 15, 2024, by and between Charles & Colvard, Ltd. and Don O'Connell
10.2	Second Amendment to 2017 Employment Agreement, dated July 15, 2024, by and between Charles & Colvard, Ltd. and Clint J. Pete
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Charles & Colvard, Ltd.

July 18, 2024

By: /s/ Clint J. Pete

Clint J. Pete

Chief Financial Officer

AMENDMENT TO 2020 AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDMENT TO 2020 AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “Amendment”), made and entered into on the 15th day of July, 2024 by and between **Charles & Colvard, Ltd.** (the “Company”) and Don O’Connell (the “Executive”). This Amendment shall be effective as of the date the Amendment is approved by the Board of Directors of the Company (the “Amendment Effective Date”).

RECITALS:

The Executive has heretofore been employed by the Company as its President and Chief Executive Officer pursuant to the terms of an Amended and Restated Employment Agreement dated June 1, 2020 (the “2020 Amended and Restated Employment Agreement”), and prior to that as its Chief Operating Officer and Senior Vice President, Supply Chain pursuant to the terms of an Employment Agreement dated May 23, 2017, as amended April 9, 2020 (the “2017 Employment Agreement”). The Company desires to continue to employ the Executive and the Executive desires to continue to be employed by the Company. In recognition of the services previously rendered and to be rendered in the future to the Company, it is deemed necessary and advisable to amend the 2020 Amended and Restated Employment Agreement to reflect updated terms regarding the Executive’s base salary.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein and the compensation and benefits the Company agrees herein to pay the Executive, and of other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the Executive agree that the 2020 Amended and Restated Employment Agreement shall be amended, effective as of the Amendment Effective Date, as follows:

1. All provisions of the 2020 Amended and Restated Employment Agreement shall remain in full force and effect except to the extent such provisions are expressly modified by this Amendment. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the 2020 Amended and Restated Employment Agreement. It is the intent of the parties that the execution, delivery and performance of this Amendment shall not operate as a waiver of or consent to any past, present or future breach of any provision of the 2020 Amended and Restated Employment Agreement.

2. Section 4(a) of the 2020 Amended and Restated Employment Agreement is hereby deleted and replaced in its entirety with the following:

“**Base Salary.** Effective June 24, 2024 until otherwise determined in the Board’s discretion, Employee shall receive a base salary of Three Hundred Forty Thousand, Six Hundred Seventy-Two and 00/100 Dollars (\$340,672), payable in regular and equal installments in accordance with the Company’s regular payroll schedule and practices (“Base Salary”), and subject to upward or downward adjustment as determined in the Board’s discretion, subject to the terms of Section 6(f) of this Agreement.”

3. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

4. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

IN WITNESS WHEREOF, the parties have executed this Amendment to the 2020 Amended and Restated Employment Agreement as of the day and year first above written.

EXECUTIVE

/s/ Don O'Connell

Don O'Connell

CHARLES & COLVARD, LTD.

By: /s/ Clint J. Pete

Name: Clint J. Pete
Title: Chief Financial Officer

SECOND AMENDMENT TO 2017 EMPLOYMENT AGREEMENT

THIS SECOND AMENDMENT TO 2017 EMPLOYMENT AGREEMENT (this “Amendment”), made and entered into on the 15th day of July, 2024 by and between **Charles & Colvard, Ltd.** (the “Company”) and Clint J. Pete (the “Executive”). This Amendment shall be effective as of the date the Amendment is approved by the Board of Directors of the Company (the “Second Amendment Effective Date”).

RECITALS:

The Executive has heretofore been employed by the Company as its Chief Financial Officer and Treasurer pursuant to the terms of an Employment Agreement dated May 23, 2017, as amended April 9, 2020 (the “2017 Employment Agreement”). The Company desires to continue to employ the Executive and the Executive desires to continue to be employed by the Company. In recognition of the services previously rendered and to be rendered in the future to the Company, it is deemed necessary and advisable to amend the 2017 Employment Agreement to reflect updated terms regarding the Executive’s base salary.

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein and the compensation and benefits the Company agrees herein to pay the Executive, and of other good and valuable consideration, the receipt of which is hereby acknowledged, the Company and the Executive agree that the 2017 Employment Agreement shall be amended, effective as of the Second Amendment Effective Date, as follows:

1. All provisions of the 2017 Employment Agreement shall remain in full force and effect except to the extent such provisions are expressly modified by this Amendment. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the 2017 Employment Agreement. It is the intent of the parties that the execution, delivery and performance of this Amendment shall not operate as a waiver of or consent to any past, present or future breach of any provision of the 2017 Employment Agreement.

2. Section 4(a) of the 2017 Employment Agreement is hereby deleted and replaced in its entirety with the following:

“**Base Salary.** Effective June 24, 2024 until otherwise determined in the Board’s discretion, Employee shall receive a base salary of Two Hundred Fifty-Three Thousand, Four Hundred Forty-Two and 00/100 Dollars (\$253,442.00), payable in regular and equal installments in accordance with the Company’s regular payroll schedule and practices (“Base Salary”), and subject to upward or downward adjustment as determined in the Board’s discretion, subject to the terms of Section 6(f) of this Agreement.”

3. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Amendment delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment.

4. Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures.

IN WITNESS WHEREOF, the parties have executed this Amendment to 2017 Employment Agreement as of the day and year first above written.

EXECUTIVE

/s/ Clint J. Pete

Clint J. Pete

CHARLES & COLVARD, LTD.

By: /s/ Don O'Connell

Name: Don O'Connell
Title: Chief Executive Officer