

Mail Stop 3561

January 19, 2006

Mr. Robert S. Thomas
President & Chief Executive Officer
Charles & Colvard, Ltd.
300 Perimeter Park Drive, Suite A
Morrisville, NC 27560

RE: Charles & Colvard, Ltd.
Form 10-K for Fiscal Year Ended December 31, 2004
Forms 10-Q for Fiscal Quarters Ended March 31, 2005, June 30, 2005
and September 30, 2005
Filed March 21, 2005, May 13, 2005, August 11, 2005 and November
9,
2005

File No. 0-23329

Dear Mr. Thomas:

We have reviewed your responses in your letter dated
December 13, 2005 and have the following additional comment.

We welcome any questions you may have about our comment
or
on any other aspect of our review. Feel free to call us at the
telephone numbers listed at the end of this letter.

Form 10-K for Fiscal Year Ended December 31, 2004

Independent Auditors` Report, page 35

1. We read your response to comment 1 in our letter dated December
13, 2005. Please submit a hard copy of the signed audit report to
us
or amend your filing to provide an audit report that includes the
city and State where issued consistent with the requirements of
Rule
2-02(a)(3) of Regulation S-X.

As appropriate, please respond to this comment within 10
business days or tell us when you will provide us with a response.
Please ensure the response letter provides any requested
supplemental
information. Please file your response letter on EDGAR. Please
understand that we may have additional comments after reviewing
your
response to our comment.

If you have any questions regarding this comment, please
direct them to Anthony Watson, Staff Accountant, at (202) 551-3318
or, in his absence, to me at (202) 551-3843.

Sincerely,

George F. Ohsiek, Jr.
Branch Chief

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