

HALLMARK FINANCIAL SERVICES INC

Form 4

January 04, 2012

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
Expires: January 31,  
2005  
Estimated average  
burden hours per  
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
SCHWARZ MARK E

2. Issuer Name and Ticker or Trading  
Symbol  
HALLMARK FINANCIAL  
SERVICES INC [HALL]

5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

(Last) (First) (Middle)  
200 CRESCENT COURT, STE 1400

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/30/2011

☐ Director ☐ 10% Owner  
☒ Officer (give title below) ☐ Other (specify below)  
Executive Chairman / see attached  
explanation

(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

DALLAS, TX 75201

(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	(D)	Price

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

**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 control  
number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities
---------------------------	---------------	-----------------------------------------	----------------------------------	----------------	----------------------------	--------------------------------------------	-------------------------------------------------

# Edgar Filing: HALLMARK FINANCIAL SERVICES INC - Form 4

Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)		(Instr. 3 and 4)			
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Options	\$ 6.99	12/30/2011 <sup>(4)</sup>	A		14,157		<sup>(1)</sup>	12/30/2021	Common Stock	14,157

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHWARZ MARK E 200 CRESCENT COURT STE 1400 DALLAS, TX 75201	X	X	Executive Chairman	see attached explanation

## Signatures

/s/ Mark E.  
Schwarz 01/04/2012

\_\_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) Represents grant of employee stock options which become exercisable July 1, 2012.
- (2) 229,157 stock options (including the grant of 14,157 stock options reported herein) are held by Mr. Schwarz.  
The Reporting Person is also a member of a "group" for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and accordingly may be deemed to beneficially own shares of the Issuer's Common Stock owned in aggregate by the other members of the Section 13(d) group. The Group consists of the Reporting Person, Newcastle Partners, L.P., Newcastle Capital Management, L.P., Newcastle Capital Group, L.L.C. Newcastle Special Opportunity Fund I, L.P., Newcastle Special Opportunity Fund II, L.P., Newcastle Focus Fund II, L.P., DSC Services Inc. and Detroit Stoker Company, L.L.C. The Reporting Person disclaims beneficial ownership of the shares of the Issuer's Common Stock owned by the other members of the Section 13(d) group except to the extent of its pecuniary interest therein. Other than the derivative securities reported in the footnote 2, members of the Section 13(d) group hold no other derivative securities of the Issuer.
- (4) The option was granted on December 30, 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.