

HALLMARK FINANCIAL SERVICES INC  
 Form 4  
 May 27, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Passmore Jeffrey R

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)  
 777 MAIN STREET, SUITE 1000  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 05/22/2008

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 CHIEF ACCOUNTING OFFICER

FORT WORTH, TX 76102

(City) (State) (Zip)

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

**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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D)  | Code V Amount (D) Price   |  |                                   |
| COMMON STOCK                    |                                      |  |                                |   | 2,654   | D  |                                   |

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

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SEC 1474 (9-02)

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

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| 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 Underlying Securities (Instr. 3 and 4) | Amount or Number of S |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-----------------------|
| EMPLOYEE STOCK OPTION (RIGHT TO BUY)       | \$ 11.46   | 05/22/2008                           |  | A                              | 25,000  | (1) 05/22/2018   | COMMON STOCK  | 25,                   |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY)       | \$ 12.52   |                                      |  |                                |   | (2) 05/24/2017   | COMMON STOCK  | 50,                   |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY)       | \$ 11.34   |                                      |  |                                |   | (3) 05/25/2016   | COMMON STOCK  | 8,                    |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY)       | \$ 7.14  |                                      |  |                                |   | (4) 05/27/2015   | COMMON STOCK  | 8,                    |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY)       | \$ 3.42  |                                      |  |                                |   | (5) 01/26/2009   | COMMON STOCK  | 3,                    |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                          |       |
|---|---------------|-----------|--------------------------|-------|
|   | Director      | 10% Owner | Officer                  | Other |
| Passmore Jeffrey R<br>777 MAIN STREET<br>SUITE 1000<br>FORT WORTH, TX 76102 |               |           | CHIEF ACCOUNTING OFFICER |       |

## Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR JEFFREY R.  
PASSMORE

05/27/2008

\_\_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 employee stock options exercisable as to 2,500, 5,000, 7,500 and 10,000 shares on May 22, 2009, 2010, 2011 and 2012, respectively.
- (2) Represents employee stock options exercisable as to 5,000, 10,000, 15,000 and 20,000 shares on May 24, 2008, 2009, 2010 and 2011, respectively.
- (3) Represents employee stock options exercisable as to 833, 1,667, 2,500 and 3,333 shares on May 25, 2007, 2008, 2009 and 2010, respectively.
- (4) Represents employee stock options exercisable as to 833, 1,667, 2,500 and 3,333 shares on May 27, 2006, 2007, 2008 and 2009, respectively.
- (5) Represents employee stock options which become exercisable as to 833, 1,250 and 1,667 shares on January 26, 2006, 2007 and 2008, respectively.

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.