

HALLMARK FINANCIAL SERVICES INC

Form 4

September 17, 2013

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

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 *
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, SUITE 1400
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
09/13/2013

Director 10% Owner
 Officer (give title below) Other (specify below)
Executive Chairman

DALLAS, TX 75201

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

(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)
Common Stock					130,805	D ⁽¹⁾	
Common Stock	09/13/2013		P	208 A	\$ 8.55 919,602	I ⁽²⁾	Shares directly owned by NCM Services, Inc. ⁽²⁾
Common Stock	09/16/2013		P	5,100 A	\$ 8.67 ⁽³⁾ 924,702	I ⁽²⁾	Shares directly owned by NCM Services, Inc.

Common Stock	134,376	I <u>(2)</u>	<u>(2)</u> Shares directly owned by Newcastle Capital Management, L.P. <u>(2)</u>
Common Stock	3,730,432	I <u>(2)</u>	<u>(2)</u> Shares directly owned by Newcastle Partners, L.P. <u>(2)</u>

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)

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)	8. Price of Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Director Stock Option (right to buy)	\$ 12.52					<u>(4)</u> 05/24/2017	Common Stock	10,000	
Director Stock Option (right to buy)	\$ 11.46					<u>(4)</u> 05/22/2018	Common Stock	5,000	
Director Stock Option (right to buy)	\$ 6.61					<u>(6)</u> 04/01/2019	Common Stock	200,000	

buy)

Director

Stock

Option \$ 6.99

(right to

buy)

(4)

12/31/2021

Common
Stock

14,157

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHWARZ MARK E 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201	X	X	Executive Chairman	
Schwarz 2012 Family Trust 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201		X		
NCM SERVICES, INC. 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201		X		
NEWCASTLE CAPITAL GROUP LLC 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201		X		
NEWCASTLE CAPITAL MANAGEMENT LP 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201		X		
NEWCASTLE PARTNERS L P 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201		X		

Signatures

Steven D. Davidson as Attorney-In-Fact for all Reporting
Persons

09/17/2013

**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) Shares owned directly by Mr. Schwarz.

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Mr. Schwarz is the sole trustee of the Schwarz 2012 Family Trust (the "Trust") and a director and officer of NCM Services, Inc. ("NCMS"). The Trust is the sole shareholder of NCMS, which is the sole member of Newcastle Capital Group, L.L.C. ("NCG"), which is the general partner of Newcastle Capital Management, L.P. ("NCM"), which is the general partner of Newcastle Partners, L.P. ("NP").

- (2) Accordingly, Mr. Schwarz may be deemed the beneficial owner of all shares held by any of the Trust, NCMS, NCG, NCM or NP, and each of these entities may be deemed the beneficial owner of all shares held by the entities which they directly or indirectly own or control.

Represents the weighted average purchase price of transactions effected at prices ranging from \$8.64 per share to \$8.70 per share. Upon

- (3) written request by the SEC, the Issuer or a security holder of the Issuer, the Reporting Person will provide full information regarding the number of shares purchased at each separate price.
- (4) Options are presently fully exercisable.
- (5) Options directly owned by Mr. Schwarz.
- (6) Options vest in seven equal annual installments commencing April 1, 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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