

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
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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 *
 GRAVES JAMES H

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)
 2100 MCKINNEY AVENUE, SUITE 900
 (Street)

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

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

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| COMMON STOCK | | | | | 42,859 | D | |
| COMMON STOCK | | | | | 66,894 | I | By limited partnership |

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

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SEC 1474 (9-02)

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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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| DIRECTOR STOCK OPTION (RIGHT TO BUY) | \$ 11.46 | 05/22/2008 | | A | 5,000 | 11/23/2008 | 05/22/2018 | COMMON STOCK | 5,000 |
| DIRECTOR STOCK OPTION (RIGHT TO BUY) | \$ 12.52 | | | | | 11/25/2007 | 05/24/2017 | COMMON STOCK | 10,000 |
| DIRECTOR STOCK OPTION (RIGHT TO BUY) | \$ 2.25 | | | | | 09/15/2000 | 03/14/2010 | COMMON STOCK | 8,300 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| GRAVES JAMES H 2100 MCKINNEY AVENUE SUITE 900 DALLAS, TX 75201 | X | | | |

Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR JAMES H. GRAVES

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 director stock options.

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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