

HALLMARK FINANCIAL SERVICES INC  
 Form 4  
 January 26, 2009

**FORM 4**

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

OMB APPROVAL

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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 \*  
 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  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/22/2009

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 Ownership (Instr. 4)
Common Stock	01/22/2009		P	V Amount (A) or (D) Price \$ 7.04	12,182,187	D (1) (2)	

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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(2) Mark Schwarz owns (1) 51,526 shares of common stock including shares purchased on September 18, 2008 and (2) 19,167 options exercisable into shares of common stock. In addition, the Reporting Persons may be deemed to beneficially own an additional 12,111,494 non-derivative securities of the Issuer, which includes (1) 7,319,113 shares of common stock owned by NP, (2) a total of 3,274,830 shares of common stock owned by NSOFI and NSOFIL, (3) 2,400 shares of common stock owned by NFF and (4) 1,515,151 shares of common stock controlled by NCM pursuant to an account management agreement under which NCM holds the power to vote and dispose of such shares.

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.