

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 \*  
**MORRISON MARK J**

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)  
**President; CEO**

**FORT WORTH, TX 76102**

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				(A) or (D) Code V Amount (D) Price	47,480	D	

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)**

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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)	Am Nur Sha
				Code V (A) (D)		Date Exercisable Expiration Date	Title	
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.46	05/22/2008		A	50,000	(1) 05/22/2018	COMMON STOCK	50
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 12.52					(2) 05/24/2017	COMMON STOCK	100
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 11.34					(3) 05/25/2016	COMMON STOCK	200
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 7.14					(4) 05/27/2015	COMMON STOCK	160
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 3.9					(5) 01/26/2009	COMMON STOCK	150

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MORRISON MARK J 777 MAIN STREET SUITE 1000 FORT WORTH, TX 76102			President; CEO	

## Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR MARK J.  
MORRISON

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 grant of employee stock options exercisable as to 5,000, 10,000, 15,000 and 20,000 shares on May 22, 2009, 2010, 2011 and 2012, respectively.
- (2) Represents grant of employee stock options exercisable as to 10,000, 20,000, 30,000 and 40,000 shares on May 24, 2008, 2009, 2010 and 2011, respectively.
- (3) Represents grant of employee stock options exercisable as to 2,083, 4,167, 6,250 and 8,333 shares on May 25, 2007, 2008, 2009 and 2010, respectively.
- (4) Represents grant of employee stock options exercisable as to 1,667, 3,333, 5,000 and 6,667 shares on May 27, 2006, 2007, 2008 and 2009, respectively.
- (5) Represents grant of employee stock options exercisable as to 3,333, 5,000 and 6,667 shares on March 25, 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.