

Passmore Jeffrey R
Form 4
June 29, 2006

FORM 4

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

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

OMB APPROVAL

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(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 [HAF]

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)
05/25/2006

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)
CHIEF ACCOUNTING OFFICER

FORT WORTH, TX 76102

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ 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) | 5,925 | 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
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(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 Underlying Securities (Instr. 3 and 4) | Am or Nur of S |
|---|---|---|---|---|--|--|--|-------------------------|
| EMPLOYEE STOCK OPTION (RIGHT TO BUY) | \$ 1.89 | 05/25/2006 | | A | 50,000 | <u>(1)</u> 05/24/2016 | COMMON STOCK | 50. |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY) | \$ 1.19 | | | | | <u>(2)</u> 05/26/2010 | COMMON STOCK | 50. |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY) | \$ 0.57 | | | | | <u>(3)</u> 01/25/2009 | COMMON STOCK | 22. |
| EMPLOYEE STOCK OPTION (RIGHT TO BUY) | \$ 0.65 | | | | | <u>(4)</u> 03/26/2008 | COMMON STOCK | 10. |

Reporting Owners

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

Signatures

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

06/29/2006

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 5,000, 10,000, 15,000 and 20,000 shares on May 25, 2007, 2008, 2009 and 2010, respectively.
- (2) Represents employee stock options exercisable as to 5,000, 10,000, 15,000 and 20,000 shares on May 27, 2006, 2007, 2008 and 2009, respectively.
- (3) Represents employee stock options which become exercisable as to 5,000, 7,500 and 10,000 shares on January 26, 2006, 2007 and 2008, respectively.
- (4) Represents employee stock options which become exercisable as to 4,000 shares on September 27, 2003, and as to an additional 2,000 shares on each of March 27, 2004, 2005 and 2006.

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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