

HALLMARK FINANCIAL SERVICES INC

Form 3

December 04, 2006

**FORM 3****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

OMB  
Number: 3235-0104Expires: January 31,  
2005Estimated average  
burden hours per  
response... 0.5**INITIAL STATEMENT OF 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 \*

^ Newcastle Focus Fund II LP

(Last) (First) (Middle)

200 CRESCENT  
COURT,^ SUITE 1400

(Street)

DALLAS,^ TX^ 75201

(City) (State) (Zip)

2. Date of Event Requiring  
Statement

(Month/Day/Year)

11/21/2006

3. Issuer Name **and** Ticker or Trading Symbol

HALLMARK FINANCIAL SERVICES INC [HAF]

4. Relationship of Reporting  
Person(s) to Issuer5. If Amendment, Date Original  
Filed(Month/Day/Year)

(Check all applicable)

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

Executive Chairman

6. Individual or Joint/Group  
Filing(Check Applicable Line)☐ Form filed by One Reporting  
Person☒ Form filed by More than One  
Reporting Person**Table I - Non-Derivative Securities Beneficially Owned**1. Title of Security  
(Instr. 4)2. Amount of Securities  
Beneficially Owned  
(Instr. 4)3. Ownership  
Form:  
Direct (D)  
or Indirect  
(I)  
(Instr. 5)4. Nature of Indirect Beneficial  
Ownership  
(Instr. 5)

Common Stock

14,579,129

D (1) (2) ^Reminder: Report on a separate line for each class of securities beneficially  
owned directly or indirectly.

SEC 1473 (7-02)

**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.****Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**1. Title of Derivative Security  
(Instr. 4)2. Date Exercisable and  
Expiration Date  
(Month/Day/Year)3. Title and Amount of  
Securities Underlying  
Derivative Security  
(Instr. 4)

Title

4. Conversion  
or Exercise  
Price of  
Derivative  
Security5. Ownership  
Form of  
Derivative  
Security:  
Direct (D)6. Nature of Indirect  
Beneficial Ownership  
(Instr. 5)

Date Exercisable	Expiration Date	Amount or Number of Shares	or Indirect (I) (Instr. 5)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Newcastle Focus Fund II LP 200 CRESCENT COURT SUITE 1400 DALLAS, TX 75201	Â X	Â X	Â Executive Chairman	Â
NEWCASTLE PARTNERS L P 200 CRESCENT COURT STE 1400 DALLAS, TX 75201	Â X	Â X	Â Executive Chairman	Â
NEWCASTLE CAPITAL MANAGEMENT LP 200 CRESCENT COURT STE 1400 DALLAS, TX 75201	Â	Â X	Â Executive Chairman	Â
NEWCASTLE CAPITAL GROUP LLC 200 CRESCENT COURT STE 1400 DALLAS, TX 75201	Â	Â X	Â Executive Chairman	Â
SCHWARZ MARK E 200 CRESCENT COURT STE 1400 DALLAS, TX 75201	Â	Â X	Â Executive Chairman	Â

## Signatures

Newcastle Focus Fund II, L.P., By: Newcastle Capital Management, L.P., its general partner,  
By: Newcastle Capital Group, L.L.C. its general partner, by: /s/ Mark E. Schwarz, its managing  
member 12/04/2006

\_\_Signature of Reporting Person Date

Newcastle Capital Management, L.P., By: Newcastle Capital Group, L.L.C. its general partner,  
By: /s/ Mark E. Schwarz, its managing member 12/04/2006

\_\_Signature of Reporting Person Date

Newcastle Capital Group, L.L.C., By: /s/ Mark E. Schwarz, its managing member 12/04/2006

\_\_Signature of Reporting Person Date

/s/ Mark E. Schwarz 12/04/2006

\_\_Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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).

Newcastle Capital Management, L.P. ("NCM") is the general partner of each of Newcastle Partners, L.P. ("NP"), Newcastle Special Opportunity Fund I, L.P. ("NSOFI"), Newcastle Special Opportunity Fund II, L.P. ("NSOFII") and Newcastle Focus Fund II, L.P.

(1) ("NFF"). Newcastle Capital Group, L.L.C. ("NCG") is the general partner of NCM and Mark E. Schwarz ("Schwarz") is the managing member of NCG. Accordingly, each of NCM, NCG and Schwarz may be deemed to beneficially own the shares directly owned by any of them.

(2) Includes (1) 48,821 shares owned by Mr. Schwarz and 2,084 shares which may be acquired by Mr. Schwarz pursuant to stock options exercisable on or within 60 days; (2) 11,253,394 shares owned by NP; (3) a total of 3,274,830 shares owned by NSOFI and NSOFII.

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.