

Passmore Jeffrey R
 Form 4
 June 29, 2006

FORM 4

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

OMB APPROVAL

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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 *
 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
 Officer (give title below) _____ Other (specify below)
 CHIEF ACCOUNTING OFFICER

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)
				(A) or (D)	Code V Amount (D) Price		
COMMON STOCK					5,925	D	

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

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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)	Amount or Number of S
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 1.89	05/25/2006		A	50,000	<u>(1)</u> 05/24/2016	COMMON STOCK	50,000
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 1.19					<u>(2)</u> 05/26/2010	COMMON STOCK	50,000
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 0.57					<u>(3)</u> 01/25/2009	COMMON STOCK	22,000
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 0.65					<u>(4)</u> 03/26/2008	COMMON STOCK	10,000

Reporting Owners

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