HALLMARK FINANCIAL SERVICES INC Form SC 13D/A April 09, 2009

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

SCHEDULE 13D

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. 10)1

HALLMARK FINANCIAL SERVICES, INC.

(Name of issuer)

SHARES OF COMMON STOCK, PAR VALUE \$0.18 PER SHARE

(Title of class of securities)

40624Q104

(CUSIP number)

STEVEN WOLOSKY, ESQ. OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP

Park Avenue Tower 65 East 55th Street New York, New York 10022 (212) 451-2300

(Name, address and telephone number of person authorized to receive notices and communications)

April 7, 2009

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box //

Note. Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

(Page 1 of 16 Pages)

1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 40624Q104

1		NAME OF REPORTING PERSONS	
	I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
	NEWGACTI E DADTNEDG I D		
2	NEWCASTLE PARTNERS, L.P. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		
2	(a) o		
	(b) o		
3	SEC USE ONLY		
4	SOURCE OF FUNDS*		
	WC		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT T		
	ITEM 2(d) OR 2(e)		
	0		
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	TEXAS		
NUMBER OF	7	SOLE VOTING POWER	
SHARES	,	SOLE VOTINGTOWER	
BENEFICIALLY		5,901,615	
OWNED BY	8	SHARED VOTING POWER	
EACH			
REPORTING		0	
PERSON WITH	9	SOLE DISPOSITIVE POWER	
		5 001 615	
	10	5,901,615 SHARED DISPOSITIVE POWER	
	10	SHARED DISTOSITIVE FOWER	
		0	
11	AGGREGATE AMOUNT BEN	EFICIALLY OWNED BY EACH REPORTING PERSON	
	5,901,615		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES		
	CERTAIN SHARES*		
13	0 DEDCENT OF CLASS DEDDESENTED DV AMOUNT IN DOW (11)		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	28.3%		
14	TYPE OF REPORTING PERSON*		
	PN		
	PN		

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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CUSIP No. 40624Q104

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)			
2	NEWCASTLE SPECIAL OPPORTUNITY FUND I, L.P. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o			
	(b) o			
3 4	SEC USE ONLY SOURCE OF FUNDS*			
4	WC			
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)			
	O	OD CANUTATION		
6	CITIZENSHIP OR PLACE OF ORGANIZATION			
	DELAWARE			
NUMBER OF	7	SOLE VOTING POWER		
SHARES BENEFICIALLY		1,643,965		
OWNED BY	8	SHARED VOTING POWER		
EACH				
REPORTING		0		
PERSON WITH	9	SOLE DISPOSITIVE POWER		
		1,643,965		
	10	SHARED DISPOSITIVE POWER		
		0		
11	AGGREGATE AMOUNT BEN	EFICIALLY OWNED BY EACH REPORTING PERSON		
10	1,643,965			
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*			
	0			
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)			
	7.9%			
14 TYPE OF REPORTING PE		ON*		
	PN			
*SEE INSTRUCTIONS BEFORE FILLING OUT!				

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CUSIP No. 40624Q104

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
2	NEWCASTLE SPECIAL OPPORTUNITY FUND II, L.P. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o		
3	(b) o SEC USE ONLY		
4	SOURCE OF FUNDS*		
5	WC CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		
6	o CITIZENSHIP OR PLACE OF ORGANIZATION		
	DELAWARE		
NUMBER OF SHARES	7	SOLE VOTING POWER	
BENEFICIALLY		1,630,865	
OWNED BY EACH	8	SHARED VOTING POWER	
REPORTING		0	
PERSON WITH	9	SOLE DISPOSITIVE POWER	
		1,630,865	
	10	SHARED DISPOSITIVE POWER	
		0	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
12	1,630,865 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		
13	o PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
14	7.8% TYPE OF REPORTING PERSO	ON*	
	PN		
*SEE INSTRUCTIONS BEFORE FILLING OUT!			

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1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)			
2	NEWCASTLE CAPITAL MANAGEMENT, L.P. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) 0			
3	(b) o SEC USE ONLY			
4	SOURCE OF FUNDS*			
Т	00			
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)			
	0			
6	CITIZENSHIP OR PLACE OF ORGANIZATION			
	THE VAC			
NUMBER OF	TEXAS	COLE VOTING POWER		
NUMBER OF SHARES	7	SOLE VOTING POWER		
BENEFICIALLY		10,693,996		
OWNED BY	8	SHARED VOTING POWER		
EACH	8	SHARED VOTING FOWER		
REPORTING		0		
PERSON WITH	9	SOLE DISPOSITIVE POWER		
		SOLL BIST GOTTY LTG WERK		
		10,693,996		
	10	SHARED DISPOSITIVE POWER		
		0		
11	AGGREGATE AMOUNT B	ENEFICIALLY OWNED BY EACH REPORTING PERSON		
10	10,693,996	DECATE AMOUNT BY DOWN (44) EVICENDES		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES			
	CERTAIN SHARES*			
12	O DED CENTE OF CLASS DEDI	DECENTED DV AMOUNT IN DOW (11)		
13	PERCENT OF CLASS REPR	RESENTED BY AMOUNT IN ROW (11)		
	51.3%			
14	TYPE OF REPORTING PER	SON*		
1.				
	PN			
*SEE INSTRUCTIONS BEFORE FILLING OUT!				

CUSIP No. 40624Q104

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)		
2	NEWCASTLE CAPITAL GROUP, L.L.C. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) o		
	(b) o		
3 4	SEC USE ONLY		
4	SOURCE OF FUNDS* OO		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)		
_	0		
6	CITIZENSHIP OR PLACE OF ORGANIZATION		
	TEXAS		
NUMBER OF	7	SOLE VOTING POWER	
SHARES			
BENEFICIALLY		10,693,996	
OWNED BY	8	SHARED VOTING POWER	
EACH REPORTING		0	
PERSON WITH	9	SOLE DISPOSITIVE POWER	
1 ERSOT WITH		SOLL DISTOSITIVE TO WER	
		10,693,996	
	10	SHARED DISPOSITIVE POWER	
		0	
11	AGGREGATE AMOUNT B	SENEFICIALLY OWNED BY EACH REPORTING PERSON	
12	10,693,996 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		
13	o PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
14	51.3% TYPE OF REPORTING PER	RSON*	
	00		
*SEE INSTRUCTIONS BEFORE FILLING OUT!			

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CUSIP No. 40624Q104

1 NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) MARK E. SCHWARZ 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (b) o 3 SEC USE ONLY 4 **SOURCE OF FUNDS*** OO, PF 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) 6 CITIZENSHIP OR PLACE OF ORGANIZATION USA SOLE VOTING POWER NUMBER OF 7 **SHARES BENEFICIALLY** 10,835,968 OWNED BY SHARED VOTING POWER 8 **EACH** REPORTING 0 PERSON WITH 9 SOLE DISPOSITIVE POWER 10,835,968 10 SHARED DISPOSITIVE POWER 0 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 10,835,968 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES **CERTAIN SHARES*** 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 51.9% TYPE OF REPORTING PERSON* 14 IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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CUSIP No. 40624Q104