

HALLMARK FINANCIAL SERVICES INC
 Form 4
 February 18, 2005

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 *
 DAVIS BROOKLAND F

2. Issuer Name and Ticker or Trading Symbol
 HALLMARK FINANCIAL SERVICES INC [HAF.EC]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 777 W. MAIN STREET, SUITE 1000
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 01/31/2005

____ Director
 Officer (give title below)
 ____ 10% Owner
 ____ Other (specify below)
 PRESIDENT OF SUBSIDIARY

FORT WORTH, TX 76102

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

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 Indirect Beneficial Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
COMMON STOCK	01/31/2005		M	10,000 A \$ 0.57	141,620	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 or Nur of S
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 0.65					(1) 03/27/2008	COMMON STOCK	10
EMPLOYEE STOCK OPTION (RIGHT TO BUY)	\$ 0.57	01/31/2005		M	10,000	(2) 01/26/2009	COMMON STOCK	10

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

DAVIS BROOKLAND F
777 W. MAIN STREET
SUITE 1000
FORT WORTH, TX 76102

PRESIDENT OF SUBSIDIARY

Signatures

STEVEN D. DAVIDSON AS ATTORNEY-IN-FACT FOR BROOKLAND F.
DAVIS

02/18/2005

**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 40% of shares on September 27, 2003, and as to an additional 20% of shares on each of March 27, 2004, 2005 and 2006.
- (2) Represents employee stock options exercisable as to 10%, 20%, 30% and 40% of shares on January 26, 2005, 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.

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