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HALLMARK FINANCIAL SERVICES INC

Form SC 13D/A

October 19, 2006

United States
Securities and Exchange Commission
Washington DC 20549

Schedule 13D/A
Amendment No.3

Under the Securities and Exchange Act of 1934

Hallmark Financial Services, Inc
(Name of Issuer)

Common Stock \$.03 par value
Title of Class of Securities

40624Q203
(CUSIP Number)

Thomas G. Berlin
Berlin Financial, Ltd.
1325 Carnegie Ave, Cleveland, OH 44115
(216) 479.0400

Name, Address and Telephone Number of Person Authorized to Receive Notices
and Communications)

October 13, 2006
(Date of Event Which Requires Filing of this Statement)

If this filing person has previously filed a statement on Schedule
13G to report this acquisition which is the subject of this Schedule
13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4),
check the following box / /.

Note: Six copies of this statement, including all exhibits should
be filed with the Commission. See Rule 13d-1 (a) for other parties
to whom copies are to be sent.

*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 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 ("Act") 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).

| | | |
|---|--------------------------|------------------|
| 1 | Name of Reporting Person | Thomas G. Berlin |
| 2 | If a member group | a) / / b) / / |
| 3 | SEC Use only | |
| 4 | Source of Funds | PF, AF |
| 5 | Check if Disclosure | |

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| | | | |
|----|---|-----------------------|-----------|
| 6 | Citizenship | USA | |
| | Number of Shares Beneficially Owned By Each Reporting Person With | 7 Sole Voting | 964,350 |
| | | 8 Shared Voting | 257,713 |
| | | 9 Sole Dispositive | 964,350 |
| | | 10 Shared Dispositive | 257,713 |
| 11 | Aggregate Amount Beneficially owned | | 1,222,063 |
| 12 | Check if Aggregate Amount (11) Excludes Certain Shares | | |
| 13 | Percent of Class Represented by amount in row (11) 5.89% | | |
| 14 | Type of Reporting Person | IN, IA | |

Item 1. Security and Issuer

The name of the issuer is Hallmark Financial Services, Inc., a Nevada corporation (the "Issuer"), which has its principal executive offices at 14651 Dallas Parkway, Suite 900, Dallas, Texas. The title of the securities to which this Statement relates is the Issuer's Common Stock, par value \$0.03 per share (the "Shares").

Item 2. Identity and Background.

(a) The name of the Reporting Person is Thomas G. Berlin.

(b) The Reporting Person's residence address is 460 Arborview, Venice, FL 34293.

(c) The Reporting Person's occupation is managing member of investment adviser; Berlin Financial, Ltd., a registered investment adviser. The principal address of Berlin Financial, Ltd. is 1325 Carnegie Ave, Cleveland, OH 44115.

(d)-(e) During the last five years, the Reporting Person has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has he been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation of such laws.

(f) The Reporting Person is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration.

NOTE: Share quantities have been changed to reflect the execution of the reverse stock split of the Issuer effective July 31, 2006.

The Capital Shares (as defined in Item 5) were purchased using funds of Berlin Capital Growth, L.P., an Ohio limited partnership ("BCG"). The Reporting Person is the managing member of Berlin Financial, Ltd., the investment adviser for and the General Partner of, BCG.

The Privately Managed Shares (as defined in Item 5) were purchased using funds of each respective privately managed account ("PMA") owner. The Reporting Person is the managing member of Berlin Financial, Ltd., the investment adviser for the PMAs.

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Item 4. Purpose of Transaction.

The Reporting Person purchased and sold the Capital Shares (as defined in Item 5) in his capacity as the managing member of Berlin Financial, Ltd., the investment adviser of BCG. The Capital Shares (as defined in Item 5) were purchased and sold for the account of BCG and were purchased and sold solely for investment purposes.

The Reporting Person purchased and sold the Privately Managed Shares (as defined in Item 5) in his capacity as the managing member of Berlin Financial, Ltd., the investment adviser for the PMAs. The Privately Managed Shares (as defined in Item 5) were purchased and sold solely for investment purposes.

(a) The Reporting Person may acquire additional Shares or, in compliance with applicable securities laws, may dispose of any additional shares and/or the Berlin Shares at any time in the open market or otherwise.

(b)-(j) Not applicable

Item 5. Interest in Securities of the Issuer

NOTE: Share quantities have been changed to reflect the execution of the reverse stock split effective July 31, 2006.

(a) The Reporting Person has beneficial ownership of 1,222,063 Shares (the "Berlin Shares"). The aggregate amount controlled by the Reporting Person is 1,222,063 shares and constitutes 5.89% of shares outstanding as of the Issuer's most recent available filing.

(b)

| | Shares | Percentage |
|--------------------------|-----------|------------|
| Sole Voting Power | 1,020,750 | 4.92% |
| Shared Voting Power | 201,313 | 0.97% |
| Sole Dispositive Power | 1,020,750 | 4.92% |
| Shared Dispositive Power | 201,313 | 0.97% |

The Reporting Person has sole power to vote or to direct the vote or to dispose or direct the disposition of 1,020,750 Shares, consisting of 964,350 Shares held in the Reporting Person's IRA (the "TGB Shares") and 56,400 Shares held by BCG (the "Capital Shares").

The address of BCG is 1325 Carnegie Avenue, Cleveland, OH 44115 and the address of each PMA is Berlin Financial, Ltd., 1325 Carnegie Avenue, Cleveland, OH 44115 c/o the Reporting Person. There are no proceedings required to be disclosed with respect to any person sharing beneficial ownership with the Reporting Person.

The Reporting Person and his spouse, Joy R. Berlin, have the shared power to vote or direct the vote or to dispose or to direct the disposition of 55,412 Shares (the "JRB Shares"). Joy R. Berlin's residence is 460 Arborview, Venice, FL 34293. Joy R. Berlin is not currently employed.

During the last five years, Joy R. Berlin has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) nor has she been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which she was or is subject to a judgment, decree or final order enjoining

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future violations of, or prohibiting or mandating activities subject to, Federal or State securities laws or finding any violation of such laws.

The Reporting Person and Berlin Family Educational Foundation, have the shared power to vote or direct the vote or to dispose or to direct the disposition of 71,518 Shares (the "BFF Shares"). Berlin Family Educational Foundation's business address is 17181 Curry Lane, Auburn, OH 44023.

The Reporting Person and the individual owners of each PMA have the shared power to vote or direct the vote or to dispose or to direct the disposition of 74,383 Shares (the "Privately Managed Shares") held in the PMAs.

(c) On the following dates, the Reporting Person purchased and/or sold the following numbers of shares for the prices per share set forth below. Each such purchase or sale occurred through a customary broker transaction.

Capital Shares

| Date | Shares | Price Per Share | Sold or Bought |
|-----------|--------|-----------------|----------------|
| 10/5/2006 | 23100 | 8.66 | B |
| 10/5/2006 | 15000 | 8.78 | B |
| 10/6/2006 | 900 | 8.95 | S |
| 10/9/2006 | 18300 | 8.7 | B |

Privately Managed Shares

| Date | Shares | Price Per Share | Sold or Bought |
|------------|--------|-----------------|----------------|
| 10/5/2006 | 2250 | 8.7 | B |
| 10/5/2006 | 2000 | 8.76 | B |
| 10/5/2006 | 1000 | 8.697 | B |
| 10/5/2006 | 3000 | 8.7 | B |
| 10/9/2006 | 5000 | 8.8 | B |
| 10/9/2006 | 7000 | 8.8 | B |
| 10/9/2006 | 7000 | 8.8 | B |
| 10/9/2006 | 5490 | 8.8 | B |
| 10/9/2006 | 160 | 8.8 | B |
| 10/10/2006 | 1200 | 8.59 | B |
| 10/11/2006 | 2400 | 8.69 | B |
| 10/11/2006 | 3382 | 8.74 | B |
| 10/12/2006 | 6500 | 8.94 | B |
| 10/12/2006 | 4000 | 8.93 | B |
| 10/12/2006 | 1201 | 8.86 | B |
| 10/13/2006 | 3100 | 8.902 | B |
| 10/13/2006 | 2500 | 8.95 | B |
| 10/13/2006 | 1200 | 8.95 | B |
| 10/13/2006 | 6000 | 8.95 | B |
| 10/13/2006 | 616 | 8.95 | B |
| 10/13/2006 | 600 | 8.95 | B |
| 10/13/2006 | 1500 | 8.95 | B |
| 10/13/2006 | 2000 | 8.95 | B |
| 10/13/2006 | 2000 | 8.95 | B |
| 10/13/2006 | 1000 | 8.95 | B |
| 10/13/2006 | 500 | 8.95 | B |
| 10/13/2006 | 1200 | 8.95 | B |

(d) None

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(e) Not applicable

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to the Issuer.

NOTE: Share quantities have been changed to reflect the execution of the reverse split on July 31, 2006.

The Reporting person's wife, Joy R. Berlin, individually, owns the JRB Shares. Berlin Family Educational Foundation individually owns the BFF Shares. Through an understanding between (a) the Reporting Person and Joy R. Berlin and (b) the Reporting Person and Berlin Family Educational Foundation, the Reporting Person has the shared power to dispose or to direct the disposition of and shared power to vote or to direct the vote of the JRB Shares and the BFF Shares. Joy R. Berlin disclaims beneficial ownership of all Berlin Shares other than the JRB Shares. The Berlin Family Educational Foundation disclaims beneficial ownership of all Berlin Shares other than the BFF Shares. The Reporting Person disclaims beneficial ownership of the JRB Shares.

Berlin Capital Growth, L.P. owns 56,400 Shares. Through an understanding between the Reporting Person and BCG, the Reporting Person has the sole power to dispose or to direct the disposition of and sole power to vote or to direct the vote of the Capital Shares. The Reporting Person disclaims beneficial ownership of the Capital Shares.

The owners of the PMAs, individually, own the Privately Managed Shares. Through an understanding between the Reporting Person and the owners of the Privately Managed Accounts, the Reporting Person has the shared power to dispose or to direct the disposition of and shared power to vote or to direct the vote of the Privately Managed Shares. The Reporting Person disclaims beneficial ownership of the Privately Managed Shares.

The partners of Berlin Capital Growth, L.P. have the right to receive distributions of the net assets of Berlin Capital Growth, L.P. Those net assets include any proceeds from the sale of Capital Shares.

Item 7. Material to be Filed as Exhibits.

Not Applicable.

Signature After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Date: October 16, 2006

/s/
Thomas G. Berlin