

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
THERE TO 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)
- NEWCASTLE PARTNERS, L.P.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | |
|--------------|-------|--------------------------|
| | TEXAS | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 5,901,615 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | 10 | 5,901,615 |
| | | SHARED DISPOSITIVE POWER |
| | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

5,901,615

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

28.3%

14 TYPE OF REPORTING PERSON*

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 SPECIAL OPPORTUNITY FUND I, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
- 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 |
| | | |
| | 10 | 1,643,965 |
| | | SHARED DISPOSITIVE POWER |

11 0
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

12 1,643,965
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 7.9%
TYPE OF REPORTING PERSON*

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 SPECIAL OPPORTUNITY FUND II, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | |
|--------------|--|--------------------------|
| | DELAWARE | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 1,630,865 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | 10 | 1,630,865 |
| | | SHARED DISPOSITIVE POWER |
| | | 0 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | 1,630,865 | |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* <input type="radio"/> | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | 7.8% | |
| 14 | TYPE OF REPORTING PERSON* | |
| | PN | |

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 40624Q104

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
- NEWCASTLE CAPITAL MANAGEMENT, L.P.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 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)
- 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 |
| | | |
| | | 10,693,996 |
| | 10 | SHARED DISPOSITIVE POWER |
| | | |
| | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

10,693,996

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

51.3%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 40624Q104

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
- NEWCASTLE CAPITAL GROUP, L.L.C.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 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)
- 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 |
| | | |
| | 10 | 10,693,996 |
| | | SHARED DISPOSITIVE POWER |
| | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

10,693,996

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

51.3%

14 TYPE OF REPORTING PERSON*

OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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*
(a)
(b)
- 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 | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 10,835,968 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | 10 | 10,835,968 |
| | | 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%

14 TYPE OF REPORTING PERSON*

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 40624Q104

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
- NEWCASTLE FOCUS FUND II, L.P.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | |
|--------------|-------|--------------------------|
| | TEXAS | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 2,400 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | 10 | 2,400 |
| | | SHARED DISPOSITIVE POWER |
| | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,400

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

less than 1%

14 TYPE OF REPORTING PERSON*

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 DETROIT STOKER COMPANY
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS*
WC
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEM 2(d) OR 2(e)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | |
|--------------|--|--------------------------|
| | MICHIGAN | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 71,279 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | | 71,279 |
| | 10 | SHARED DISPOSITIVE POWER |
| | | |
| | | 0 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | | 71,279 |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* <input type="radio"/> | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | | less than 1% |
| 14 | TYPE OF REPORTING PERSON* | |
| | | CO |

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 40624Q104

- 1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
- DSC SERVICES INC.
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)
- 3 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)
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION

| | | |
|--------------|--|--------------------------|
| | DELAWARE | |
| NUMBER OF | 7 | SOLE VOTING POWER |
| SHARES | | |
| BENEFICIALLY | | 71,279 |
| OWNED BY | 8 | SHARED VOTING POWER |
| EACH | | |
| REPORTING | | 0 |
| PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | | |
| | 10 | 71,279 |
| | | SHARED DISPOSITIVE POWER |
| | | 0 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | 71,279 | |
| 12 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* <input type="radio"/> | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | less than 1% | |
| 14 | TYPE OF REPORTING PERSON* | |
| | CO | |

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP No. 40624Q104

The following constitutes Amendment No. 10 (“Amendment No. 10”) to the Schedule 13D filed by the undersigned. This Amendment No. 10 amends the Schedule 13D as specifically set forth herein. Capitalized terms used without definition shall have the meanings given to such terms in the Schedule 13D.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 is hereby amended and restated in its entirety to read as follows:

As of the filing date of this Amendment No. 10, NP had invested \$31,868,718 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. The source of these funds was the working capital of NP. Neither NCG nor NCM directly owns any shares of Common Stock.

As of the filing date of this Amendment No. 10, NSOF I had invested \$12,550,000 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. NSOF I’s initial investment was made in a promissory note that was convertible into shares of Common Stock of the Issuer. The source of these funds was the working capital of NSOF I. The promissory note was fully converted into shares of Common Stock as of May 25, 2006, which such conversion did not require the payment of any additional consideration.

As of the filing date of this Amendment No. 10, NSOF II had invested \$12,450,000 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. NSOF II’s initial investment was made in a promissory note that was convertible into shares of Common Stock of the Issuer. The source of these funds was the working capital of NSOF II. The promissory note was fully converted into shares of Common Stock as of May 25, 2006, which such conversion did not require the payment of any additional consideration.

As of the filing date of this Amendment No. 10, Mark Schwarz had invested \$331,404 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. The source of these funds was the personal funds of Mr. Schwarz.

As of the filing date of this Amendment No. 10, NFF had invested \$22,280 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. The source of these funds was the working capital of NFF.

As of the filing date of this Amendment No. 10, Detroit Stoker had invested \$484,643 (inclusive of brokerage commissions) in shares of Common Stock of the Issuer. The source of these funds was the working capital of Detroit Stoker. DSC does not directly own any shares of Common Stock.

CUSIP No. 40624Q104

Item 5. Interest in Securities of the Issuer

Item 5(a)-(b) is hereby amended and restated to read as follows:

The aggregate percentage of shares of Common Stock reported to be owned by the Reporting Persons is based upon 20,863,670 shares outstanding, which is the total number of shares of Common Stock outstanding as of March 20, 2009, as reported in the Issuer's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 27, 2009.

As of the filing date of this Amendment No. 10, NP beneficially owned 5,901,615 shares of Common Stock, representing approximately 28.3% of the issued and outstanding Common Stock of the Issuer.

As of the filing date of this Amendment No. 10, NSOF I beneficially owned 1,643,965 shares of Common Stock, representing approximately 7.9% of the issued and outstanding Common Stock of the Issuer.

As of the filing date of this Amendment No. 10, NSOF II beneficially owned 1,630,865 shares of Common Stock, representing approximately 7.8% of the issued and outstanding Common Stock of the Issuer.

As of the filing date of this Amendment No. 10, NFF beneficially owned 2,400 shares of Common Stock, representing less than 1% of the issued and outstanding Common Stock of the Issuer.

NCM, as the general partner of each of NP, NSOF I, NSOF II and NFF, may be deemed to beneficially own the 5,901,615 shares, 1,643,965 shares, 1,630,865 shares and 2,400 shares of Common Stock beneficially owned by NP, NSOF I, NSOF II and NFF, respectively, and may also be deemed to beneficially own 1,515,151 shares of Common Stock of the Issuer controlled by NCM pursuant to an account management agreement under which NCM holds the power to vote and dispose of such shares. In total, NCM may be deemed to beneficially own shares representing approximately 51.3% of the issued and outstanding Common Stock of the Issuer.

NCG, as the general partner of NCM, which in turn is the general partner of each of NP, NSOF I, NSOF II and NFF, may be deemed to beneficially own the 5,901,615 shares, 1,643,965 shares, 1,630,865 shares and 2,400 shares of Common Stock beneficially owned by NP, NSOF I, NSOF II and NFF, respectively, and 1,515,151 shares of Common Stock of the Issuer controlled by NCM pursuant to an account management agreement under which NCM holds the power to vote and dispose of such shares. In total, NCM may be deemed to beneficially own shares representing approximately 51.3% of the issued and outstanding Common Stock of the Issuer.

As of the filing date of this Amendment No. 10, Mark Schwarz directly owned 51,526 shares of Common Stock and options to purchase 19,167 shares of Common Stock that are exercisable within 60 days of the filing date. As the managing member of NCG, the general partner of NCM, which in turn is the general partner of each of NP, NSOF I, NSOF II and NFF, Mr. Schwarz may also be deemed to beneficially own the 5,901,615 shares, 1,643,965 shares, 1,630,865 shares and 2,400 shares of Common Stock beneficially owned by NP, NSOF I, NSOF II and NFF, respectively, and 1,515,151 shares of Common Stock of the Issuer controlled by NCM pursuant to an account management agreement under which NCM holds the power to vote and dispose of such shares. In addition, since Mr. Schwarz and NCG together hold 100% of outstanding shares of the DSC, which in turn is the parent company of Detroit Stoker, Mr. Schwarz may also be deemed to own the 71,279 shares beneficially owned by Detroit Stoker. In total, Mr. Schwarz may be deemed to beneficially own shares representing 51.9% of the issued and outstanding Common Stock of the Issuer.

CUSIP No. 40624Q104

As of the filing date of this Amendment No. 10, Detroit Stoker beneficially owned 71,279 shares of Common Stock, representing less than 1% of the issued and outstanding Common Stock of the Issuer. As the parent company of Detroit Stoker, DSC may be deemed to own the 71,279 shares of Common Stock beneficially owned by Detroit Stoker.

The filing of this Statement and any future amendment by the Reporting Persons, and the inclusion of information herein and therein, shall not be considered an admission that any of such persons, for the purpose of Section 13(d) of the Act, or otherwise, are the beneficial owners of any shares of Common Stock in which such persons do not have a pecuniary interest.

By virtue of his position with NP, NSOF I, NSOF II, NCM, NCG, NFF, DSC and Detroit Stoker, Mr. Schwarz has the sole power to vote and dispose of the shares of Common Stock reported in this statement.

Item 5(c) is hereby amended to add the following:

The transactions effected during the past sixty days by the Reporting Persons are (1) the purchase transactions set forth on Schedule A hereto (which were effected in the open market) and (2) a distribution on April 7, 2009 by NP of a total of 1,417,498 shares of Common Stock to withdrawing partners of NP as of March 31, 2009 at a price of \$6.93 per share (the closing price of the Common Stock on March 31, 2009).

CUSIP No. 40624Q104

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: April 8, 2009

NEWCASTLE PARTNERS, L.P.

By: Newcastle Capital Management, L.P.,
its general partner

By: Newcastle Capital Group, L.L.C.,
its general partner

By: /s/ Mark Schwarz
Mark Schwarz, Managing Member

NEWCASTLE SPECIAL OPPORTUNITY FUND I, L.P.

By: Newcastle Capital Management, L.P.,
its general partner

By: Newcastle Capital Group, L.L.C.,
its general partner

By: /s/ Mark Schwarz
Mark Schwarz, Managing Member

NEWCASTLE SPECIAL OPPORTUNITY 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 Schwarz
Mark Schwarz, Managing Member

NEWCASTLE CAPITAL MANAGEMENT, L.P.

By: Newcastle Capital Group, L.L.C.,
its general partner

By: /s/ Mark Schwarz
Mark Schwarz, Managing Member

CUSIP No. 40624Q104

NEWCASTLE CAPITAL GROUP, L.L.C.

By: /s/ Mark Schwarz
Mark Schwarz, Managing Member

/s/ Mark Schwarz
MARK SCHWARZ

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 Schwarz
Mark Schwarz, Managing Member

DSC SERVICES INC.

By: /s/ Mark Schwarz
Mark Schwarz, Chief Executive Officer

DETROIT STOKER COMPANY

By: /s/ Mark Schwarz
Mark Schwarz, Chief Executive Office

CUSIP No. 40624Q104

Schedule A

Transactions in the Common Stock During the Past 60 Days

Detroit Stoker Company

| Transaction Date | Buy/Sell | Quantity (Shares) | Price per Share (\$) |
|------------------|----------|-------------------|----------------------|
| 3/31/09 | Buy | 10,732 | 6.94 |
| 4/01/09 | Buy | 10,000 | 6.56 |
| 4/03/09 | Buy | 50,000 | 6.79 |
| 4/6/09 | Buy | 547 | 6.65 |