

FORM 4

OMB APPROVAL

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U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

/ / Check box if no
longer subject to
Section 16. Form 4
or Form 5 obligations
may continue. See
Instruction 1(b).

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(f) of the Investment Company
Act of 1940

1. Name and Address of Reporting Person*	2. Issuer Name and Ticker or Trading Symbol	6. Relationship of Reporting Person to Issuer
Smith Alan J.	Halsey Drug Co., Inc. Symbol: HDG	X Director 10% Owner
(Last) (First) (Middle)	3. IRS or Social Security Number of Reporting Person (Voluntary)	4. Statement for Month/Year 2/99
c/o Halsey Drug Co.		5. If Amendment, Date of Original (Month/Year)
695 N. Perryville Rd. Bldg. 2		7. Individual or Group Filing (Check Applicable Line)
(Street)		X Form filed by One Reporting Person
Rockford Illinois 61107		Form filed by more than one Reporting Person
(City) (State) (Zip)		

TABLE 1 -- NON-DERIVATIVE SECURITIES ACQUIRED, DISPOSED OF, OR BENEFICIALLY OWNED

1. Title of Security (Instr. 3)	2. Transaction Date (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 at End of Month (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Amount (A) or Price (D)			

Common Stock

4,600

D

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

* If the Form is filed by more than one person, see Instruction 4(b)(v).

(over)
SFC 1474 (3/91)

FORM 4 (CONTINUED)

TABLE II -- DERIVATIVE SECURITIES ACQUIRED, DISPOSED OF, OR BENEFICIALLY OWNED
(E.G., PUTS, CALLS, WARRANTS, OPTIONS, CONVERTIBLE SECURITIES)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (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)	8. Price of Derivative Security (Instr. 5)
			Code V	(A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares	
Convertible Debentures				(1)	3/10/98 3/10/03	Common Stock 6,667	
Stock Purchase Warrants				(1)	3/10/98 3/10/05	Common Stock 1,010	
Stock Purchase Warrants				(1)	3/10/98 3/10/05	Common Stock 1,010	
5% Convertible Senior Secured Notes	\$1.50	6/15/98	A4	(2)	6/15/98 **	Common Stock 1,602.66	
Warrant	\$1.50	6/15/98	A4	(2)	6/15/98 6/15/05	Common Stock 243	
Warrant	\$2.375	6/15/98	A4	(3)	6/15/98 6/15/05	Common Stock 243	
10% Convertible Senior Secured Notes	\$1.3313	12/7/98	A4	(3)	12/7/98 *	Common Stock 6,009	
Warrants	\$1.3313	12/7/98	A4	(3)	12/7/98 12/7/05	Common Stock 800	
Non-qualified stock option	\$1.225	2/18/99	A	10,000	(4) 12/19/09	Common Stock 10,000	

1. Title of Derivative Security (Instr. 3)	9. Number of Derivative Securities Beneficially Owned at End of Month (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Convertible Debentures	6,667	D	
Stock Purchase Warrants	1,010	D	
Stock Purchase Warrants	1,010	D	
5% Convertible Senior Secured Notes	1,602.66	D	
Warrant	243	D	
Warrant	243	D	
10% Convertible Senior Secured Notes	6,009	D	
Warrants	800	D	
Non-qualified	20,000	D	

Explanations:

- (1) Acquired in connection with a private offering on 3/10/98 consisting of a Convertible Debenture exercisable at any time and Warrants to purchase shares of common stock (1,010 shares of which are presently exercisable at \$1.50 per share and 1,010 shares of which are presently exercisable at \$2.38 per share).
- (2) Acquired pursuant to an option exercise in June 1998, consisting of: (i) a Convertible Debenture exercisable at any time; and (ii) Warrants to purchase shares of common stock (243 shares of which are presently exercisable at \$1.50 per share, and 243 shares of which are presently exercisable at \$2.375 per share).
- (3) Acquired in connection with a loan in principal amount of \$8,000 made pursuant to the First Amendment to the Amended, Restated and Consolidated Bridge Loan Agreement dated as of December 7, 1998 consisting of: (i) a 10% Convertible Senior Secured Note; and (ii) Warrants to purchase common stock which are presently exercisable at \$1.3313 per share.
- (4) Options vest over twelve (12) months: 2,500 on 5/18/99; 2,500 on 8/18/99; 2,500 on 11/18/99 and final 2,500 options on 2/18/00.
- * Payable on May 30, 1999 to the Holder (Alan Smith).
- ** Payable on March 15, 2003 to the Holder (Alan Smith).

Intentional misstatements or omissions of facts constitute Federal
Criminal Violations.
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

/s/ Alan J. Smith

March 9, 1999

**Signature of Reporting Person

Date

Note. File three copies of this Form, one of which must be manually signed.

If space provided 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 QMB Number.

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(Bulletin No. 177, 10-15-97)