

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this 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 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>SMITH ALAN J</u>  (Last) (First) (Middle) <u>C/O ACURA PHARMACEUTICALS, INC.</u> <u>616 N. NORTH COURT, SUITE 120</u>  (Street) <u>PALATINE</u> <u>IL</u> <u>60067</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>HALSEY DRUG CO INC/NEW</u> [ <u>HDGC.OB</u> ]  3. Date of Earliest Transaction (Month/Day/Year) <u>08/12/2004</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)  Director 10% Owner Officer (give title below) <u>X</u> Other (specify below) <u>Director term exp Aug 12, 2004</u>  6. Individual or Joint/Group Filing (Check Applicable Line) <u>X</u> Form filed by One Reporting Person Form filed by More than One Reporting Person
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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			

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)	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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Director Stock Options	\$0.36	08/12/2004		A		0 <sup>(1)</sup>		08/12/2004 <sup>(2)</sup>	08/12/2006	Common Stock	100,000 <sup>(1)</sup>	\$0	150,000	D	
Director Stock Options	\$0.36	08/12/2004		A		0 <sup>(1)</sup>		08/13/2004	08/12/2006	Common Stock	100,000 <sup>(1)</sup>	\$0	250,000	D	
5% Convertible Senior Secured Debentures <sup>(2)</sup>	\$0.5776	08/13/2004		C			12,950	08/13/2004	08/13/2004	Preferred Stock	22,421	\$0	0	D	
5% Convertible Senior Secured Debentures <sup>(3)</sup>	\$0.5993	08/13/2004		C			13,948	08/13/2004	08/13/2004	Preferred Stock	23,273	\$0	0	D	
Series C-1 Convertible Preferred Stock	<sup>(4)</sup>	08/13/2004		C		22,421		<sup>(5)</sup>	<sup>(6)</sup>	Common Stock	22,421	\$0	22,421	D	
Series C-2 Convertible Preferred Stock	<sup>(4)</sup>	08/13/2004		C		23,273		<sup>(5)</sup>	<sup>(6)</sup>	Common Stock	23,273	\$0	23,273	D	

Explanation of Responses:

1. Options to purchase 100,000 shares of the Issuer's common stock, \$.01 par value per share.
2. 5 % Convertible Senior Secured Debentures, due March 31, 2006, are automatically convertible into Series C-1 Convertible Preferred Stock of the Issuer on August 13, 2004.
3. 5% Convertible Senior Secured Debentures, due March 31, 2006, are automatically covnertible into Series C-2 Convertible Preferred Stock of the Issuer on August 13, 2004.
4. 1-for-1
5. Immed.
6. None

/s/ Alan J. Smith

08/12/2004

\*\* Signature of Reporting Person

Date

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 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).

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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