

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

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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(1) OF THE INVESTMENT COMPANY ACT OF 1940

CHECK BOX IF NO LONGER SUBJECT TO SECTION 16. FORM 4 OR FORM 5 OBLIGATIONS
MAY CONTINUE. SEE INSTRUCTION 1(b).

OMB APPROVAL

OMB NUMBER 3235-0287
EXPIRES: FEBRUARY 1, 2001
ESTIMATED AVERAGE BURDEN
HOURS PER RESPONSE.....1.0

1. Name and Address of Reporting Person*

Clemens Peter A.

(Last) (First) (Middle)

C/o Halsey Drug Co., Inc. 695 N. Perryville Rd. Bldg. 2

(Street)

Rockford, Illinois 61107

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

Halsey Drug Co., Inc. Symbol: HDGC

3. IRS Identification Number of Reporting Person, if an Entity (Voluntary)

4. Statement for Month/Year

07/01

5. If Amendment, Date of Original (Month/Year)

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

Director 10% Owner
 Officer (give title below) Other (specify below)

Vice President & Chief Financial Officer

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

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1. Title of Security (Instr. 3)	2. Transaction Date (mm/dd/yy)	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. Owner- ship Form: Direct (D) or Indirect (I) (Instr.4)	7. Nature of Beneficial Ownership (Instr. 4)
			Amount	Price			

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

(Print or Type Responses)

(Over)

SFC 1474 (3/91)

*See footnote 2 on Table II

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. Conver- sion or Exer- cise Price of Deriv- ative Secur- ity	3. Trans- action Date (Month/ Day/ Year)	4. Trans- action Code (Instr. 8) ----- Code V	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) ----- (A) (D)	6. Date Exercisable and Expiration Date (Month/Day/Year) ----- Date Expira- tion Exer- tion cisable Date		7. Title and Amount of Underlying Securities (Instr. 3 and 4) ----- Amount or Number of Shares Title	8. Price of Deriv- ative Secur- ity (Instr. 5)	9. Number of Deriv- ative Secur- ities Bene- ficially Owned at End of Month (Instr. 4)	10. Owner- ship Form of Deriv- ative Secur- ity: Direct (D) or In- direct (I) (Instr. 4)	11. Nature of In- direct Bene- ficial Owner- ship (Instr. 4)
5% Convertible Senior Secured Debentures	\$ 1.404	3/10/98	A	(1)	3/10/98	3/15/03	Common Stock 71,225			D	
Warrants	\$ 1.404	3/10/98	A	(1)	3/10/98	3/15/05	Common Stock 10,791			D	
Warrants	\$ 2.279	3/10/98	A	(1)	3/10/98	3/15/05	Common Stock 10,526	92,542		D	
5% Convertible Senior Secured Debentures	\$ 1.404	6/12/98	A	(2)	6/12/98	3/15/03	Common Stock 17,121			D	
Warrants	\$ 1.404	6/12/98	A	(2)	6/12/98	3/15/05	Common Stock 2,594			D	
Warrants	\$ 2.279	6/12/98	A	(2)	6/12/98	3/15/05	Common Stock 2,530	114,787		D	
Non-qualified Stock Options	\$ 2.375	2/19/98	A			(3) 2/19/08	Common Stock 300,000	414,787		D	
5% Convertible Senior Secured Debentures	\$1.1312	4/1/99	A	(5)	4/1/99	3/15/03	Common Stock 1,370			D	
Non-qualified Stock Options	\$ 1.125	4/12/99	A	(4)	4/12/00	4/12/09	Common Stock 100,000	516,157		D	
5% Convertible Senior Secured Debentures	\$2.4250	7/1/99	A	(5)	7/1/99	3/15/03	Common Stock 647	516,804		D	
Non-qualified Stock Options	\$ 1.875	2/17/00	A	(4)	2/17/01	2/17/10	Common Stock 125,000	641,804		D	
5% Convertible Senior Secured Debentures	\$ 1.722	4/1/00	A	(5)	4/1/00	3/15/03	Common Stock 923	642,727		D	
Non-qualified Stock Options	\$1.1125	6/29/00	A	(4)	6/29/01	6/29/10	Common Stock 100,000	742,727		D	
5% Convertible Senior Secured Debentures	\$1.1125	7/1/00	A	(5)	7/01/00	3/15/03	Common Stock 1,446	744,173		D	
5% Convertible Senior Secured Debentures	\$.9071	10/1/00	A	(5)	10/01/00	3/15/03	Common Stock 1,709	745,882		D	
5% Convertible Senior Secured Debentures	\$.6258	01/01/01	A	(5)	10/01/01	3/15/03	Common Stock 2,477	748,359		D	
5% Convertible Senior Secured Debentures	\$ 1.03	04/01/01	A	(5)	04/01/01	3/15/03	Common Stock 1,505	749,864		D	
5% Convertible Senior Secured Debentures	\$ 2.22	07/01/01	A	(5)	07/01/01	3/15/03	Common Stock 698	750,562		D	

EXPLANATION OF RESPONSES:

- (1) Purchased in connection with a private offering on March 10, 1998 consisting of a Convertible Debenture convertible at any time and Stock Purchase Warrants (10,791 shares of which are presently exercisable at \$1.404 per share and 10,526 shares of which are presently exercisable at \$2.279 per share).
- (2) Acquired pursuant to an option exercise in June 1998, consisting of: (i) a Convertible Debenture, convertible at any time, (ii) Warrants to purchase shares of common stock (2,594 shares of which are presently exercisable at \$1.404 per share and 2,530 shares of which are presently exercisable at \$2.279 per share).
- (3) Options vest quarterly, with 25,000 options vesting every quarter effective May 1, 1998.
- (4) Options vest 25% annually.
- (5) Certain quarterly interest payments are paid in the form of convertible debentures.

By: /s/ Peter A. Clemens August 3, 2001

Peter A. Clemens

SIGNATURE OF REPORTING PERSON

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 PROVIDED IS INSUFFICIENT, SEE INSTRUCTION 6 FOR PROCEDURE.