

OMB APPROVAL	
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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>BAYSTAR CAPITAL II LP</u> (Last) (First) (Middle) C/O BAYSTAR CAPITAL MANAGEMENT, LLC 80 EAST SIR FRANCIS DRAKE BLVD., SUITE 2 (Street) LARKSPU CA 94939 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 08/23/2004	3. Issuer Name and Ticker or Trading Symbol <u>AKORN INC [AKRN]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)	5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Participating Convertible Preferred Stock	08/23/2004	(6)	Common Stock	1,851,852 ⁽¹⁾	2.7	D	
Participating Convertible Preferred Stock	08/23/2004	(6)	Common Stock	1,851,852 ⁽²⁾	2.7	I	Note 2
Participating Convertible Preferred Stock	08/23/2004	(6)	Common Stock	1,851,852 ⁽³⁾	2.7	I	Note 3
Participating Convertible Preferred Stock	08/23/2004	(6)	Common Stock	1,851,852 ⁽⁴⁾	2.7	I	Note 4
Participating Convertible Preferred Stock	08/23/2004	(6)	Common Stock	1,851,852 ⁽⁵⁾	2.7	I	Note 5
Common Stock Warrant (right to buy)	08/23/2004	08/23/2009	Common Stock	555,556 ⁽¹⁾	3.5	D	
Common Stock Warrant (right to buy)	08/23/2004	08/23/2009	Common Stock	555,556 ⁽²⁾	3.5	I	Note 2
Common Stock Warrant (right to buy)	08/23/2004	08/23/2009	Common Stock	555,556 ⁽³⁾	3.5	I	Note 3
Common Stock Warrant (right to buy)	08/23/2004	08/23/2009	Common Stock	555,556 ⁽⁴⁾	3.5	I	Note 4
Common Stock Warrant (right to buy)	08/23/2004	08/23/2009	Common Stock	555,556 ⁽⁵⁾	3.5	I	Note 5

1. Name and Address of Reporting Person* <u>BAYSTAR CAPITAL II LP</u> (Last) (First) (Middle) C/O BAYSTAR CAPITAL MANAGEMENT, LLC 80 EAST SIR FRANCIS DRAKE BLVD., SUITE 2 (Street) LARKSPU CA 94939 (City) (State) (Zip)		
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1. Name and Address of Reporting Person*

[Goldfarb Lawrence](#)

(Last) (First) (Middle)
C/O BAYSTAR CAPITAL MANAGEMENT, LLC
80 EAST SIR FRANCIS DRAKE BLVD., SUITE 2

(Street)
LARKSPU CA 94939

(City) (State) (Zip)

1. Name and Address of Reporting Person*

[Lamar Steven M](#)

(Last) (First) (Middle)
C/O BAYSTAR CAPITAL MANAGEMENT, LLC
80 EAST SIR FRANCIS DRAKE BLVD., SUITE 2

(Street)
LARKSPU CA 94939

(City) (State) (Zip)

1. Name and Address of Reporting Person*

[DERBY STEVEN](#)

(Last) (First) (Middle)
53 FOREST AVENUE, 2ND FLOOR

(Street)
OLD GREENWICH CT 06870

(City) (State) (Zip)

1. Name and Address of Reporting Person*

[Baystar Capital Management, LLC](#)

(Last) (First) (Middle)
80 EAST SIR FRANCIS DRAKE BLVD., SUITE 2

(Street)
LARKSPU CA 94939

(City) (State) (Zip)

Explanation of Responses:

1. These securities are beneficially owned by Baystar Capital II, L.P. (the "Partnership").
2. These securities are held by the Partnership, for whom Baystar Capital Management, LLC ("Manager") is the investment manager. Pursuant to investment agreements, Manager shares all investment and voting power with respect to the securities held by the Partnership. The entire amount of the Issuer's securities held by the Partnership is reported herein. Manager disclaims any beneficial ownership of any of the Issuer's securities to which this report relates, except to the extent of its indirect pecuniary interest therein, and this report shall not be deemed an admission that Manager is the beneficial owner of such securities.
3. These securities are held by the Partnership. Lawrence Goldfarb is a managing member of Manager and, as such, shares all investment and voting power with respect to the securities held by the Partnership. Mr. Goldfarb disclaims any beneficial ownership of any of the Issuer's securities to which this report relates, except to the extent of his indirect pecuniary interest therein, and this report shall not be deemed an admission that Mr. Goldfarb is the beneficial owner of such securities.
4. These securities are held by the Partnership. Steven M. Lamar is a managing member of Manager, and as such, shares all investment and voting power with respect to the securities held by the Partnership. Mr. Lamar disclaims any beneficial ownership of any of the Issuer's securities to which this report relates, except to the extent of his indirect pecuniary interest therein, and this report shall not be deemed an admission that Mr. Lamar is the beneficial owner of such securities.
5. These securities are held by the Partnership. Bay East, L.P. is a managing member of Manager, of which Steven Derby is the general partner and sole owner of outstanding partnership interests. Accordingly, Mr. Derby shares all investment and voting power with respect to the securities held by the Partnership. Mr. Derby disclaims any beneficial ownership of any of the Issuer's securities to which this report relates, except to the extent of his indirect pecuniary interest therein, and this report shall not be deemed an admission that Mr. Derby is the beneficial owner of such securities.
6. Does not expire.

BAYSTAR CAPITAL II, L.P.
By: /s/ Lawrence Goldfarb,
Managing Member of Baystar 09/02/2004
Capital Management, LLC,
the General Partner of
Reporting Person
BAYSTAR CAPITAL
MANAGEMENT, LLC By: /s/ 09/02/2004
Lawrence Goldfarb, its
Managing Member
/s/ Lawrence Goldfarb 09/02/2004
/s/ Steven M. Lamar 09/02/2004
/s/ Steven Derby 09/02/2004
** 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 5 (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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.