SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): February 25, 2000

CDSI HOLDINGS INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

0001-22563

95-4463937

(Commission File Number)

(I.R.S. Employer Identification No.)

100 S.E. SECOND STREET, MIAMI, FLORIDA

(Address of principal executive offices)

(Zip Code)

100 S.E. SECOND STREET, MIAMI, FLORIDA	331
(Address of principal executive offices) (Zip Code)	
(305) 579-8000	
(Registrant's telephone number, including area code)	

ITEM 5. OTHER EVENTS.

On February 25, 2000, CDSI Holdings Inc. issued a press release, a copy of which is included as Exhibit 99.1 and incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(c) The following Exhibits are provided in accordance with the provisions of Item 601 of Regulation S-K and are filed herewith unless otherwise noted.

EXHIBIT INDEX

99.1 Press release of CDSI Holdings Inc. dated February 25, 2000.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CDSI HOLDINGS INC.

By: /s/ J. Bryant Kirkland III

J. Bryant Kirkland III Vice President, Chief Financial Officer, Secretary and Treasurer

Date: March 6, 2000

SARD VERBINNEN & CO

NEWS

FOR IMMEDIATE RELEASE Contact: George Sard/Anna Cordasco/Paul Caminiti
----- Sard Verbinnen & Co., Inc.
212/687-8080

CDSI HOLDINGS INC. TO DISCONTINUE TOBACCO DISTRIBUTION BUSINESS

MIAMI, FLORIDA, FEBRUARY 25, 2000 -- CDSI Holdings Inc. (OTC: CDSI) announced today that its subsidiary, Controlled Distribution Systems, Inc., will no longer be actively engaged in the business of marketing and leasing an inventory control system for tobacco products. CDSI has determined that it cannot generate sufficient revenues from the sale and leasing of its Coinexx Star 10 cigarette dispensing machine to justify continuation of the business. The Company does not anticipate it will receive any material proceeds from the disposition of the assets of the business. CDSI currently estimates that it will recognize a charge of approximately \$325,000 for the year ended December 31, 1999 relating to the discontinuation of the business, primarily associated with the write-off of its inventory of machines.

CDSI, a Delaware corporation, holds a minority interest in Digital Asset Management Inc., an internet application service provider that develops and distributes direct marketing and customer relationship products and services. CDSI intends to explore investments in other Internet-related businesses as well as other business opportunities. As CDSI has only limited cash resources, CDSI's ability to complete any investment opportunities it may identify will depend on its ability to raise additional financing, as to which there can be no assurance.

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