

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 1)*

CDSI HOLDINGS INC.

(NAME OF ISSUER)

COMMON STOCK \$.01 PAR VALUE

(TITLE OF CLASS OF SECURITIES)

12512T 10 2

(CUSIP NUMBER)

N/A

(DATE OF EVENT WHICH REQUIRES FILING OF THIS STATEMENT)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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SCHEDULE 13G

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1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

New Valley Corporation

=====

2 Check the Appropriate Box if a Member of a Group*
(a)
(b)

=====

3 SEC Use Only

=====

4 Citizenship or Place of Organization
Delaware

5 Sole Voting Power

2,990,000

Number of Shares Beneficially Owned by Each Reporting Person With

6 Shared Voting Power
- 0 -

7 Sole Dispositive Power
2,990,000

8 Shared Dispositive Power
- 0 -

9 Aggregate Amount Beneficially Owned by Each Reporting Person

2,990,000

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

11 Percent of Class Represented by Amount in Row (9)
64.7%

12 Type of Reporting Person* CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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ITEM 1(a). Name of Issuer:

CDSI HOLDINGS INC.

ITEM 1(b). Address of Issuer's Principal Executive Offices:

100 S.E. SECOND STREET, 32ND FLOOR, MIAMI, FL 33131

ITEM 2(a). Name of Person Filing:

NEW VALLEY CORPORATION

ITEM 2(b). Address of Principal Business Office:

100 S.E. SECOND STREET, 32ND FLOOR, MIAMI, FLORIDA 33131

ITEM 2(c). Citizenship:

DELAWARE

ITEM 2(d). Title of Class of Securities:

COMMON STOCK, \$.01 PAR VALUE

ITEM 2(e). CUSIP Number:

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO RULE 13d-1(b), OR 13d-2(b) OR (c), CHECK WHETHER THE PERSON FILING IS A:

Not Applicable

ITEM 4. OWNERSHIP.

- (a) Amount Beneficially Owned: 2,990,000
- (b) Percent of Class: 64.7%
- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 2,990,000
 - (ii) shared power to vote or to direct the vote: -0-
 - (iii) sole power to dispose or to direct the disposition of: 2,990,000
 - (iv) shared power to dispose or to direct the disposition of: -0-

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.

Not Applicable

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Not Applicable

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ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

Not Applicable

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

Not Applicable

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not Applicable

ITEM 10. CERTIFICATIONS.

Not Applicable

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I hereby certify that the information set forth in this statement is true, complete and correct.

NEW VALLEY CORPORATION

Dated: January 27, 1999

By: /s/ Richard J. Lampen

Richard J. Lampen
Executive Vice President