

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 2)*

Digital Solutions, Inc.
(Name of Issuer)

Common Stock, par value \$.001 per share
(Title of Class of Securities)

253876106
(CUSIP Number)

Mr. Steven B. Sands
c/o Sands Brothers & Co., Ltd.
101 Park Avenue
New York, New York 10178 (212)697-5200

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

March 14, 1996

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box:

Check the following box if a fee is being paid with the statement.

(A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7).

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

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1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Steven B. Sands

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
 (b) |X|

3 SEC USE ONLY

4 SOURCE OF FUNDS*
 AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
 ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
 United States of America

7 SOLE VOTING POWER
 NUMBER OF
 SHARES 25,000
 BENEFICIALLY
 OWNED BY
 EACH
 REPORTING
 PERSON
 WITH

8 SHARED VOTING POWER
 557,564

9 SOLE DISPOSITIVE POWER
 25,000

10 SHARED DISPOSITIVE POWER
 557,564

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 582,564

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 3.84%

14 TYPE OF REPORTING PERSON*
 IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
 INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION

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101 Park Avenue
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March 14, 1996

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1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

 Martin S. Sands

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
 (b) X

3 SEC USE ONLY

4 SOURCE OF FUNDS*

 AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
 ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

 United States of America

7 SOLE VOTING POWER
 NUMBER OF
 SHARES 0
 BENEFICIALLY
 OWNED BY
 EACH
 REPORTING
 PERSON
 WITH

8 SHARED VOTING POWER

 557,564

9 SOLE DISPOSITIVE POWER

 0

10 SHARED DISPOSITIVE POWER

 557,564

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

 557,564

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

 3.69%

14 TYPE OF REPORTING PERSON*

 IN

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March 14, 1996

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Sands Brothers & Co., Ltd.

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER
NUMBER OF
SHARES 0
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0 %

14 TYPE OF REPORTING PERSON*

BD, CO

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253876106
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 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Katie and Adam Bridge Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
 (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
 WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
 ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
 Delaware

7 SOLE VOTING POWER
 NUMBER OF
 SHARES 359,333
 BENEFICIALLY
 OWNED BY
 EACH
 REPORTING
 PERSON
 WITH

8 SHARED VOTING POWER
 0

9 SOLE DISPOSITIVE POWER
 359,333

10 SHARED DISPOSITIVE POWER
 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 359,333

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 2.41%

14 TYPE OF REPORTING PERSON*
 PN

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SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Digital Solutions, Inc.
(Name of Issuer)

Common Stock, par value \$.001 per share
(Title of Class of Securities)

253876106
(CUSIP Number)

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 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Jenna Partners II, L.P.

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
 (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
 WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
 ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
 Delaware

7 SOLE VOTING POWER
 NUMBER OF
 SHARES 0
 BENEFICIALLY
 OWNED BY
 EACH
 REPORTING
 PERSON
 WITH

8 SHARED VOTING POWER
 0

9 SOLE DISPOSITIVE POWER
 0

10 SHARED DISPOSITIVE POWER
 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 0

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 0 %

14 TYPE OF REPORTING PERSON*
 PN

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Ponderosa Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURUANT TO
ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER
NUMBER OF
SHARES 198,231
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

198,231

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

198,231

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.33 %

14 TYPE OF REPORTING PERSON*

PN

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Item 1. Security and Issuer

This statement constitutes Amendment No. 2 to the Schedule 13D of Steven B. Sands with respect to the shares of common stock, par value \$.001 (the "Common Stock") of Digital Solutions, Inc. (the "Company"), originally filed with the Securities and Exchange Commission (the "Commission") on November 10, 1993; Amendment No. 2 to the Schedule 13D of Martin S. Sands with respect to the Common Stock of the Company, originally filed with the Commission on November 10, 1993; Amendment No. 2 to the Schedule 13D of Sands Brothers & Co., Ltd. with respect to the Common Stock of the Company, originally filed with the Commission on November 10, 1993; Amendment No. 2 to the Schedule 13D of Katie and Adam Bridge Partners, L.P. with respect to the Common Stock of the Company, originally filed with the Commission on November 10, 1993; Amendment No. 1 to the Schedule 13D of Jenna Partners II, L.P. with respect to the Common Stock of the Company; (said filings of Messrs. Steven B. Sands and Martin S. Sands, Sands Brothers & Co., Ltd., Katie and Adam Bridge Partners, L.P. and Jenna Partners II, L.P., hereinafter collectively referred to as the "Initial Filing"); and the initial filing of a Schedule 13D of Ponderosa Partners, L.P. with respect to the Common Stock of the Company. This statement constitutes the first electronic amendment to the Initial Filing, and in accordance with Rule 13d-2(c) promulgated by the Commission, contains certain information previously disclosed by the Initial Filing. The information set forth in the Initial Filing is amended and restated as set forth herein.

Item 2. Identity and Background

This statement is filed on behalf of the following persons: (a) Mr. Steven B. Sands; (b) Mr. Martin S. Sands; (c) Sands Brothers & Co., Ltd. ("Sands Brothers"); (d) Katie and Adam Bridge Partners, L.P. ("K & A, L.P."); (e) Jenna Partners II, L.P. ("Jenna II, L.P."); and (f) Ponderosa Partners, L.P. ("Ponderosa, L.P.").

In accordance with the General Instructions for complying with Schedule 13D, the information called for by Items 2 through 6 inclusive is also provided with respect to (i) K & A Bridge Partners Corp., which is the corporate general partner of K & A, L.P., (ii) Jenna II Capital Corp., which is the corporate general partner of Jenna II, L.P. and (iii) Messrs. Steven B. Sands and Martin S. Sands, who are the general partners of Ponderosa, L.P.

Steven B. Sands

The business address of Mr. Steven B. Sands is c/o Sands Brothers & Co., Ltd., 101 Park Avenue, New York, New York 10178. The occupation of Mr. Steven B. Sands is Chief Executive Officer, Co-Chairman, Secretary, Treasurer and a director of Sands Brothers.

Sands Brothers is a corporation organized under the laws of the State of Delaware. Sands Brothers is a registered broker-dealer. Mr. Steven B. Sands is one of the two general partners of Ponderosa, L.P. and also an executive officer, a director and an owner of fifty percent of the capital stock of K & A Bridge Partners Corp. and Jenna II Capital Corp., which are the corporate general partners, respectively, of K & A, L.P. and Jenna II, L.P. As of the date hereof, Mr. Steven B. Sands is a director of Company. Mr. Steven B. Sands has not been convicted in any criminal proceeding during the past five years.

In May 1991, Mr. Steven B. Sands and Mr. Martin S. Sands consented to an order of prohibition by the Commissioner of Securities of the State of Wisconsin whereby (i) Mr. Steven B. Sands was prohibited from transacting business with any person in the State of Wisconsin until licensed as a securities agent therein and (ii) Sands Brothers was prohibited from transacting, and Mr. Martin S. Sands, as a control person of Sands Brothers, was prohibited from causing Sands Brothers to transact, business with any person in the State of Wisconsin until licensed as a securities broker-dealer in the State of Wisconsin. Sands Brothers and Mr. Steven B. Sands have subsequently become licensed as a broker-dealer and a securities agent, respectively, in the State of Wisconsin. (The foregoing matter is hereinafter referred to as the "First Wisconsin Matter.")

Other than with respect to the First Wisconsin Matter, during the past five years, Mr. Steven B. Sands has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Mr. Steven B. Sands is a citizen of the United States.

Martin S. Sands

The business address of Mr. Martin S. Sands is c/o Sands Brothers & Co., Ltd., 101 Park Avenue, New York, New York 10178. The occupation of Mr. Martin S. Sands is President, Co-Chairman and a director of Sands Brothers. Mr. Martin S. Sands is one of the two general partners of Ponderosa, L.P. and also an executive officer, a director and an owner of fifty percent of the capital stock, of K & A Bridge Partners Corp. and Jenna II Capital Corp. Mr. Martin S. Sands has not been convicted in any criminal proceeding during the past five years. Other than with respect to the First Wisconsin Matter, during the past five years, Mr. Martin S. Sands has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any

violation with respect to such laws. Mr. Martin S. Sands is a citizen of the United States.

Sands Brothers & Co., Ltd.

Sands Brothers is a Delaware corporation. The address of the principal office and of the principal business of Sands Brothers is 101 Park Avenue, New York, New York 10178. Sands Brothers is a registered broker-dealer. The principal business of Sands Brothers is acting as a broker-dealer and investment banker.

Steven B. Sands and Martin S. Sands are the only executive officers, directors and controlling persons of Sands Brothers.

Sands Brothers has not been convicted in any criminal proceeding during the past five years. The registration of Sands Brothers in the State of Iowa was suspended in August 1991 due to Sands Brothers' failure to timely amend its security bond in favor of the State of Iowa following the change of name of Sands Brothers in May 1991. Sands Brothers was fined \$500 and its registration in the State of Iowa was reinstated in September 1991, effective as of April 25, 1991 (the "Iowa Matter").

In August 1995, Sands Brothers consented to an Order of Censure and Assessment and Limitation of Broker-Dealer License by the Commissioner of Securities of the State of Wisconsin whereby (i) Sands Brothers was censured for, and prohibited from, employing an agent to represent it in Wisconsin unless the agent is licensed as a securities agent therein, (ii) Sands Brothers was ordered to pay \$2,500 as an administrative assessment and (iii) the broker-dealer license of Sands Brothers was limited to the execution of unsolicited sales of securities for already existing customers for a period of 45 days (the "Second Wisconsin Matter").

Other than with respect to the Iowa Matter, First Wisconsin Matter and Second Wisconsin Matter, during the past five years, Sands Brothers has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Katie and Adam Bridge Partners, L.P.

K & A, L.P. is a Delaware limited partnership whose principal offices and place of business are located at c/o Sands Brothers, 101 Park Avenue, New York, New York 10178. The principal business of K & A, L.P. is to act as a private investment limited partnership and to make bridge capital investments in privately

held companies seeking to effectuate initial public offerings and publicly traded companies seeking additional working capital. K & A, L.P. has not been convicted in any criminal proceeding during the past five years. During the past five years, K & A, L.P. has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. K & A Bridge Partners Corp. (described below) is the sole general partner of K & A, L.P.

K & A Bridge Partners Corp.

K & A Bridge Partners Corp. ("K & A Corp.") is a Delaware corporation whose principal offices and place of business are located at c/o Sands Brothers, 101 Park Avenue, New York, New York 10178. The principal business of K & A Corp. is to act as the general partner of K & A, L.P. K & A Corp. has not been convicted in any criminal proceeding during the past five years. During the past five years, K & A Corp. has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Mr. Steven B. Sands is the President and a director of K & A Corp., and owns fifty percent (50%) of the outstanding capital stock of K & A Corp. Mr. Martin S. Sands is the Chairman, Vice President, Secretary, Treasurer and a director of K & A Corp. and owns fifty percent (50%) of the outstanding capital stock of K & A Corp. In May 1991, Mr. Steven B. Sands and Mr. Martin S. Sands were subject to the First Wisconsin Matter.

Jenna Partners II, L.P.

Jenna II, L.P. is a Delaware limited partnership whose principal offices and place of business are located at c/o Sands Brothers, 101 Park Avenue, New York, New York 10178. The principal business of Jenna II, L.P. is to act as a private investment limited partnership. Jenna II, L.P. has not been convicted in any criminal proceeding during the past five years. During the past five years, Jenna II, L.P. has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Jenna II Capital Corp. (described below) is the sole general partner of Jenna II, L.P.

Jenna II Capital Corp.

Jenna II Capital Corp. ("JCC II") is a Delaware corporation whose principal offices and place of business are located at c/o Sands Brothers, 101 Park Avenue, New York, New York 10178. The principal business of JCC II is to act as the general partner of Jenna II, L.P. JCC II has not been convicted in any criminal proceeding during the past five years. During the past five years, JCC II has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Mr. Steven B. Sands is the President and a director of JCC II, and owns fifty percent of the outstanding capital stock of JCC II. Mr. Martin S. Sands is the Chairman, Vice President, Secretary and Treasurer, and a director, of JCC II and owns fifty percent of the outstanding capital stock of JCC II. In May 1991, Mr. Steven B. Sands and Mr. Martin S. Sands were subject to the First Wisconsin Matter.

Ponderosa Partners, L.P.

Ponderosa, L.P. is a Delaware limited partnership whose principal offices and place of business are located at c/o Sands Brothers, 101 Park Avenue, New York, New York 10178. The principal business of Ponderosa, L.P. is to act as a private investment limited partnership. Ponderosa, L.P. has not been convicted in any criminal proceeding during the past five years. During the past five years, Ponderosa, L.P. has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction the result of which proceeding was a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws. Messrs. Steven B. Sands and Martin S. Sands are the general partners of Ponderosa, L.P. In May 1991, Mr. Steven B. Sands and Mr. Martin S. Sands were subject to the First Wisconsin Matter.

Item 3. Source and Amount of Funds or Other Consideration

In June 1993, the Company issued to K & A, L.P., for a nominal payment of \$10.00, warrants to purchase 100,000 shares of the Company's Common Stock exercisable for a period of five years which commenced on June 16, 1993, at an exercise price of \$0.75 per share (the "K & A Warrants"). The K & A Warrants were issued in connection with a \$500,000 bridge loan advanced by K & A, L.P. to the Company (the "Bridge Loan"). The \$10.00 paid by K & A, L.P. in consideration for the K & A Warrants was derived from the working

capital of K & A, L.P.

As partial consideration for arranging the Bridge Loan, Sands Brothers, for a nominal payment of \$25.00, was issued warrants to purchase 25,000 shares of the Company's Common Stock, exercisable for a period of five years which commenced on June 16, 1993, at an exercise price of \$0.75 per share (the "Initial Sands Warrants"). The \$25.00 paid by Sands Brothers in consideration for the Initial Sands Warrants was derived from the working capital of Sands Brothers.

On August 30, 1993, K & A, L.P. subscribed for 533,333 shares of Common Stock for an aggregate consideration of \$399,999.75 (the "K & A Shares") in connection with the Company's private placement of up to 2,666,666 shares of Common Stock at an offering price of \$.75 per share (the "1993 Private Placement"). The source of the funds invested by K & A, L.P. was derived from working capital.

As partial consideration for acting as placement agent for the 1993 Private Placement, on August 30, 1993, Sands Brothers received, for a nominal payment of \$26.56, for itself and nominee for certain of its employees, warrants to purchase 266,565 shares of the Company's Common Stock, exercisable for a period of five years which commenced on August 30, 1993, at an exercise price of \$0.75 per share (the "Placement Agent Warrants"). The \$26.65 paid by Sands Brothers in consideration for the Placement Agent Warrants was derived from the working capital of Sands Brothers. On November 7, 1994, Sands Brothers divided a portion of the Placement Agent Warrants in favor of certain of its employees, the result of which Sand Brothers retained Placement Agent Warrants to purchase 106,565 shares of the Company's Common Stock, exercisable for a period of five years which commenced on August 30, 1993, at an exercise price of \$0.75 per share. Sands Brothers disclaims beneficial ownership of the balance of the 160,000 Placement Agent Warrants not held by Sands Brothers.

On September 1, 1993, as partial consideration for acting as placement agent for the sale of 666,666 shares of Common Stock to certain non-residents of the United States (the "Reg S Offering") in connection with an offering pursuant to Regulations S promulgated under the Securities Act of 1933, as amended (the "Securities Act"), Sands Brothers received, for a nominal payment of \$6.67, warrants to purchase 66,666 shares of the Company's Common Stock, exercisable for a period of five years which commenced on September 1, 1993, at an exercise price of \$0.75 per share (the "Reg S Warrants"). The \$6.67 paid by Sands Brothers in consideration for the Placement Agent Warrants on the Closing Date was derived from the working capital of Sands Brothers.

In January 1994, Jenna II, L.P. acquired on the open market (i) 15,000 shares of Common Stock for the purchase price of \$1.94 per share, (ii) 26,500 shares of Common Stock for the purchase

price of \$2.25 per share, (iii) 17,500 shares of Common Stock for the purchase price of \$2.63 per share and (iv) 8,000 shares of Common Stock for the purchase price of \$2.56 per share. The consideration for these shares was derived from the working capital of Jenna II, L.P.

On April 25, 1994, pursuant to the Company's Non-Executive Director Stock Option Plan, Steven B. Sands, in his capacity as a member of the Board of Directors of the Company, was granted 20,000 stock options. The term of each option commenced on the date of the grant, and as provided in the Plan, expires five years from the date of grant. The exercise price for options granted under the Plan is 100% of the fair market value of the Common Stock on the date of grant.

In October 1994, K & A, L.P. sold on the open market (i) 10,000 shares of Common Stock for the sale price of \$2.74 per share, (ii) 5,000 shares of Common Stock for the sale price of \$2.73 per share, (iii) 10,000 shares of Common Stock for the sale price of \$2.75 per share and (iv) 10,000 shares of Common Stock for the sale price of \$2.75 per share.

In December 1994, Jenna II, L.P. sold on the open market (i) 12,000 shares of Common Stock for the sale price of \$2.69 per share, (ii) 9,600 shares of Common Stock for the sale price of \$2.69 per share and (iii) 5,000 shares of Common Stock for the sale price of \$2.56 per share.

On January 5, 1995, K & A, L.P. subscribed for (i) a \$1,000,000 principal amount 12% contingent convertible subordinated promissory note (the "K & A Note") and (ii) 100,000 common stock purchase warrants (the "K & A 1995 Warrants"), at an initial exercise price of \$2.59 per share, for an aggregate purchase price of \$1,000,000 in connection with the Company's private placement (the "Subsequent Private Placement"), of which Sands Brothers acted as a selected dealer. The source of the funds invested by K & A, L.P. was derived from working capital.

In January 1995, K & A, L.P. sold on the open market (i) 40,000 shares of Common Stock for the sale price of \$2.85 per share, and (ii) 5,000 shares of Common Stock for the sale price of \$2.94 per share.

In February 1995, K & A, L.P. sold on the open market (i) 4,500 shares of Common Stock for the sale price of \$2.88 per share, (ii) 1,500 shares of Common Stock for the sale price of \$2.88 per share, (iii) 7,000 shares of Common Stock for the sale price of \$2.88 per share, (iv) 3,000 shares of Common Stock for the sale price of \$2.88 per share, and (v) 3,000 shares of Common Stock for the sale price of \$2.88 per share.

In March 1995, Jenna II, L.P. sold on the open market (i)

10,400 shares of Common Stock for the sale price of \$2.36 per share, (ii) 5,000 shares of Common Stock for the sale price of \$2.36 per share, (iii) 3,000 shares of Common Stock for the sale price of \$2.44 per share and (iv) 2,000 shares of Common Stock for the sale price of \$2.437 per share. In May 1995, Jenna II, L.P. sold on the open market 10,000 shares of Common Stock for the sale price of \$2.00 per share. In October 1995, Jenna II, L.P. sold on the open market 10,000 shares of Common Stock for the sale price of \$1.94 per share. As of the date hereof, Jenna II, L.P. no longer has any beneficial ownership of shares of Common Stock of the Company.

On September 1, 1995, pursuant to the Company's Non-Executive Director Stock Option Plan, Steven B. Sands, in his capacity as a member of the Board of Directors of the Company, was granted 5,000 stock options. The term of each option commenced on the date of the grant, and as provided in the Plan, expires five years from the date of grant. The exercise price for options granted under the Plan is 100% of the fair market value of the Common Stock on the date of grant.

On March 13, 1996, the K & A Note was tendered to the Company in consideration for payment of \$1,098,111.11, representing payment of \$1,000,000 in principal, \$51,000.00 in interest from December 30, 1994 through November 28, 1995 and \$47,111.11 in interest from November 29, 1995 to March 13, 1996. In addition, the K & A 1995 Warrants were amended to reduce the exercise price from \$2.59 to \$1.90 per share.

The following sales were effected by K & A, L.P. within the last 60 days:

Transaction Date	Amount	Price Per Share	Where and How Effected
3/13/96	14,000	\$3.69	Open Market
3/13/96	36,000	\$3.81	Open Market
3/13/96	1,000	\$3.72	Open Market
3/14/96	3,500	\$4.13	Open Market
3/14/96	10,000	\$4.13	Open Market
3/14/96	9,000	\$4.09	Open Market
3/14/96	15,000	\$4.13	Open Market
3/14/96	46,000	\$4.06	Open Market
3/14/96	15,000	\$4.06	Open Market

3/14/96	20,000	\$4.06	Open Market
3/14/96	36,500	\$4.09	Open Market
3/14/96	10,000	\$4.22	Open Market
3/14/96	10,000	\$4.22	Open Market
3/15/96	5,000	\$5.00	Open Market
3/15/96	3,000	\$5.00	Open Market
3/15/96	2,000	\$5.00	Open Market
3/15/96	2,000	\$5.00	Open Market
3/15/96	2,000	\$5.31	Open Market
3/15/96	10,000	\$5.00	Open Market
3/15/96	10,000	\$4.94	Open Market
3/15/96	5,000	\$4.88	Open Market
3/15/96	10,000	\$4.88	Open Market

On March 15, 1996, Sands Brothers contributed (i) its remaining 106,565 Placement Agent Warrants, (ii) 25,000 Initial Sands Warrants and (iii) 66,666 Reg S Warrants to Ponderosa, L.P. as a capital contribution to Ponderosa, L.P. (such warrants, hereinafter collectively referred to the "Ponderosa Warrants"). As a result of such contributions to Ponderosa, L.P., Sands Brothers no longer has any beneficial ownership of shares of Common Stock of the Company.

Item 4. Purpose of Transaction

The acquisition of the K & A Warrants, the acquisition of the K & A Shares and the acquisition of the K & A 1995 Warrants were made for investment purposes. K & A disposed of a portion of the K & A Shares in order to recognize the capital appreciation of its investment, and, subject to market conditions, may in the future make additional dispositions. K & A may also acquire additional shares of Common Stock. K & A, L.P. was not formed for the express purpose of purchasing warrants and/or shares of Common Stock. The private placement of the K & A Shares was consummated pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder. The issuance of the K & A Warrants was consummated pursuant to Section 4(2) of the Securities Act. The private placement of the K & A 1995 Warrants was consummated pursuant to Section 4(2) of the Securities Act and Regulation D promulgated

thereunder.

Sands Brothers (i) arranged the Bridge Loan and received the Initial Sands Warrants; (ii) acted as private placement agent for the Private Placement and received the Placement Agent Warrants; (iii) arranged the Reg S Offering and received the Reg S Warrants and (iv) acted as a selected dealer for the Subsequent Private Placement. Sands Brothers divided a portion of the Placement Agent Warrants in favor of certain of its employees, the result of which Sands Brothers retained Placement Agent Warrants to purchase 106,565 shares of the Company's Common Stock. Such remaining Placement Agent Warrants, along with the Initial Sands Warrants and the Reg S Warrants, were subsequently contributed to Ponderosa, L.P.

Each of the undersigned believes that the consummation by Sands Brothers of the 1993 Private Placement was conditioned upon an agreement between Sands Brothers and the Company which provided Sands Brothers the right to designate a nominee for election, at its option, either as a member of or a non-voting advisor to the Board of Directors of the Company, with the Company agreeing to use its best efforts to cause such nominee to be elected and continued in office as a director of the Company or as such advisor until the expiration of five years from the closing date of the 1993 Private Placement (subsequently shortened to three years, as described below). On April 25, 1994, Mr. Steven B. Sands was elected a Director of the Company. Upon joining the Board, Mr. Steven B. Sands was granted an option to purchase 20,000 shares of Common Stock and on September 1, 1995, was granted an option to purchase 5,000 shares.

In connection with the 1993 Private Placement, the Company agreed to use its best efforts to cause a registration statement under the Act covering the shares of Common Stock sold in the 1993 Private Placement (including the K & A Shares, and the shares of Common Stock underlying the K & A Warrants, the Initial Sands Warrants, the Placement Agent Warrants and the Reg S Warrants) to be filed with the Commission within 60 days following the final closing of the Private Placement and to cause such registration statement to become effective within 120 days after the final closing of the 1993 Private Placement (the "Demand Registration Rights"). The reporting persons have been advised by the Company that the Demand Registration Statement was declared effective by the Commission on December 27, 1993. As a result, K & A, L.P., and, to its belief, Ponderosa, may dispose of any or all of their respective K & A Shares, the shares of Common Stock underlying the K & A Warrants and the shares underlying the Ponderosa Warrants at any time, in either open market or private transactions, so long as the Demand Registration Statement remains effective with the Commission. In addition, each of the reporting persons may, from time to time, make additional purchases of shares of Common Stock.

In connection with the acquisition of the 1995 K & A Warrants, the Company afforded K & A, L.P. certain "piggyback" registration rights under the Act with respect to the shares of Common Stock underlying the 1995 K & A Warrants (the "Underlying K & A Shares"). In the March 13, 1996 agreement among the Company, K & A, L.P. and Sands Brothers (as described below), the Company agreed to include the Underlying K & A Shares as part of a registration statement that the Company is required to file with the Commission with respect to other securities privately placed by the Company.

The acquisition of Common Stock by Jenna II, L.P. were made for investment purposes. Jenna II, L.P. disposed of its shares of Common Stock to recognize the capital appreciation of its investment. Jenna II, L.P. was not formed for the express purpose of purchasing Common Stock. Jenna II, L.P. may, from time to time, make additional purchases of shares of Common Stock in either open market or private transactions.

Except as set forth above, the reporting persons have no plans or proposals which relate to, or could result in, any of the matters referred to in paragraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer

According to the Company's Quarterly Report on Form 10-Q for the period ended December 31, 1995, the Company has 14,731,790 shares of Common Stock outstanding as of February 2, 1996. Giving effect to the transactions discussed in Item 3 above (which includes transactions effected by the reporting persons within the last 60 days):

(a) Mr. Steven B. Sands is the beneficial owner of 582,564 shares of Common Stock, or 3.84% of the Company's Common Stock outstanding, calculated in accordance with Regulation 13d-3(d)(1). Such ownership is indirect.

Of such 582,564 shares of Common Stock, (i) 359,333 shares are beneficially owned by K & A, L.P. (159,333 shares of Common Stock of which are owned directly by K & A, L.P. and an aggregate 200,000 shares of Common Stock of which are issuable to K & A, L.P. upon exercise of the K & A Warrants and the K & A 1995 Warrants; and (ii) an aggregate of 198,231 shares beneficially owned by Ponderosa, L.P., issuable to Ponderosa, L.P. upon exercise of the Ponderosa Warrants. As an executive officer, director and 50% shareholder of the corporate general partner of K & A, L.P., Mr. Steven B. Sands has shared power to vote or direct the vote of, and shared power to dispose of, such Common Stock. Such voting and dispositive power is shared with Mr. Martin S. Sands. As one of two general partners of Ponderosa, L.P., Mr. Steven B. Sands has shared power to vote or direct the vote of, and shared power to

dispose of, such Common Stock. Such voting and dispositive power is shared with Mr. Martin S. Sands, the other general partner. Mr. Steven B. Sands is the brother of Mr. Martin S. Sands. Mr. Steven B. Sands acknowledges his relationship with K & A, L.P., K & A Corp., Ponderosa, L.P. and Mr. Martin S. Sands, but does not affirm that any of the foregoing persons constitute a group for reporting purposes under Section 13(d) of the Securities Exchange Act of 1934, as amended.

In addition, the beneficial ownership of 582,564 shares of Common Stock by Mr. Steven B. Sands includes an aggregate of 25,000 shares of Common Stock which Mr. Steven B. Sands may acquire by exercising the director options granted to him by the Company pursuant to the Plan. Such ownership is direct.

(b) Mr. Martin S. Sands is the beneficial owner of 557,564 shares of Common Stock, or 3.69% of the Company's Common Stock outstanding, calculated in accordance with Regulation 13d-3(d)(1). Such ownership is indirect.

Of such 557,564 shares of Common Stock, (i) 359,333 shares are beneficially owned by K & A, L.P. (159,333 shares of Common Stock of which are owned directly by K & A, L.P. and 200,000 shares of Common Stock of which are issuable to K & A, L.P. upon exercise of the K & A Warrants and the K & A 1995 Warrants; and (ii) 198,231 shares beneficially owned by Ponderosa, L.P., issuable to Ponderosa, L.P. upon exercise of the Ponderosa Warrants. As an executive officer, director and 50% shareholder of the corporate general partner of K & A, L.P., Mr. Martin S. Sands has shared power to vote or direct the vote of, and shared power to dispose of, such Common Stock. Such voting and dispositive power is shared with Mr. Steven B. Sands. As one of two general partners of Ponderosa, L.P., Mr. Martin S. Sands has shared power to vote or direct the vote of, and shared power to dispose of, such Common Stock. Such voting and dispositive power is shared with Mr. Steven B. Sands, the other general partner. Mr. Martin S. Sands is the brother of Mr. Steven B. Sands. Mr. Martin S. Sands acknowledges his relationship with K & A, L.P., K & A Corp., Ponderosa Partners, L.P. and Mr. Steven B. Sands but does not affirm that any of the foregoing persons constitute a group for reporting purposes under Section 13(d) of the Securities Exchange Act of 1934, as amended.

(c) K & A, L.P. is the beneficial owner of 359,333 shares of Common Stock, or 2.41% of the Company's Common Stock outstanding, calculated in accordance with Regulation 13d-3(d)(1). Such ownership is direct.

Of such 359,333 shares of Common Stock, 159,333 shares are owned directly by K & A, L.P. and 200,000 shares are issuable to K & A, L.P. upon exercise of the K & A Warrants and the K & A 1995 Warrants. K & A Corp. is the general partner of K & A, L.P., and, on behalf and in the name of K & A, L.P., has sole power to vote or

direct the vote of, and sole power to dispose or direct the disposition of, such Common Stock. K & A, L.P. expressly disclaims beneficial ownership of any shares of Common Stock held or owned by Mr. Steven B. Sands, Mr. Martin S. Sands or Ponderosa, L.P.

(d) K & A Corp. is the beneficial owner of 359,333 shares of Common Stock, or 2.41% of the Company's Common Stock outstanding. Such ownership is indirect; such shares are held directly by K & A, L.P. K & A Corp., as the general partner of K & A, L.P., has sole power to vote or direct the vote of, and sole power to dispose or direct the disposition of, such Common Stock. Mr. Steven B. Sands is the President, a director and a 50% shareholder of K & A Corp. Mr. Martin S. Sands is the Chairman, Vice President, Secretary, Treasurer, and a director and a 50% shareholder of K & A Corp. K & A Corp. expressly disclaims beneficial ownership of any shares of Common Stock held or owned by Mr. Steven B. Sands, Mr. Martin S. Sands or Ponderosa, L.P.

(e) Ponderosa, L.P. is the beneficial owner of 198,231 shares of Common Stock, or 1.33% of the Company's Common Stock outstanding, calculated in accordance with Regulation 13d-3(d)(1). Such ownership relates to the shares of Common Stock issuable to Ponderosa upon exercise of the Ponderosa Warrants. Such ownership is direct. Messrs. Steven B. Sands and Martin S. Sands are the general partners of Ponderosa, L.P. Ponderosa, L.P. expressly disclaims beneficial ownership of any shares of Common Stock held or owned by Mr. Steven B. Sands, Mr. Martin S. Sands, K & A, L.P. or K & A Corp.

Item 6. Contracts, Arrangements, Understandings, or Relationships
with Respect to Securities of the Issuer

Sands Brothers (i) arranged the Bridge Loan and received the Initial Sands Warrants; (ii) acted as private placement agent for the 1993 Private Placement and received the Placement Agent Warrants; (iii) arranged the Reg S Offering and received the Reg S Warrants; and (iv) acted as a selected dealer for the Subsequent Private Placement.

In connection with the 1993 Private Placement, the Company granted the registration rights described above, which registration rights were effectuated by the Demand Registration Statement.

On November 11, 1994, Sands Brothers and the Company agreed to terminate certain provisions concerning Sands Brothers' investment banking relationship with the Company. In consideration of the foregoing, the Company paid Sands Brothers an aggregate amount of \$114,000. In addition, the time period in which Sands Brothers could designate a board member of the Company was reduced from five years to three years.

Pursuant to a letter agreement dated March 13, 1996 (the "March 13, 1996 Agreement"), the K & A 1995 Warrants were amended to reduce the exercise price from \$2.59 to \$1.90 per share. The Company also agreed to include the Underlying K & A Shares as part of a registration statement that the Company is required to file with the Commission for other securities privately placed by the Company.

Item 7. Material to Be Filed as Exhibits

The following exhibits are annexed hereto:

- (1) Joint Filing Agreement.
- (2) March 13, 1996 Agreement.
- (3) Securities Purchase Agreement between the Company and K & A, L.P. dated June 16, 1993. [Previously Filed]
- (4) Warrant Agreement between the Company and Sands Brothers dated June 16, 1993. [Previously Filed]
- (5) Warrant Agreement between the Company and Sands Brothers dated August 30, 1993. [Previously Filed]
- (6) Form of Registration Rights Agreement between the Company and each of the purchasers in the 1993 Private Placement. [Previously Filed]
- (7) Reg S Selling Agreement between the Company and Sands Brothers [Previously Filed]

Signature

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

March 19, 1996

Date

/s/ Steven B. Sands

Signature

Steven B. Sands
Name

Signature

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

March 19, 1996

Date

/s/ Martin S. Sands

Signature

Martin S. Sands
Name

Signature

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

KATIE AND ADAM BRIDGE
PARTNERS, L.P.

By: K & A BRIDGE PARTNERS CORP.
General Partner

March 19, 1996

Date

By: /s/ Steven B. Sands

Signature

Steven B. Sands
President

Signature

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

SANDS BROTHERS & CO., LTD.

March 19, 1996

Date

By: /s/ Martin S. Sands

Signature

Martin S. Sands
President

Signature

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

JENNA PARTNERS II, L.P.

By: JENNA II CAPITAL CORP.
General Partner

March 19, 1996

Date

By: /s/ Steven B. Sands

Signature

Steven B. Sands
President

Signature

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

March 19, 1996

PONDEROSA PARTNERS, L.P.

By: /s/ Steven B. Sands

Steven B. Sands, General Partner

By: /s/ Martin S. Sands

Martin S. Sands, General Partner

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In accordance with Rule 13d-1(f) under the Securities Exchange Act of 1934, the persons named below agree to the joint filing on behalf of each of them of a Statement on Schedule 13D (including amendments thereto) with respect to the common stock of Digital Solutions, Inc., and further agree that this Joint Filing Agreement be included as an Exhibit to such joint filings. In evidence thereof the undersigned, being duly authorized, hereby execute this Agreement this 19th day of March, 1996.

/s/ Steven B. Sands

Steven B. Sands

/s/ Martin S. Sands

Martin S. Sands

SANDS BROTHERS & CO., LTD.

By: /s/ Martin S. Sands

Martin S. Sands, President

/s/ Steven B. Sands

Steven B. Sands, CEO

KATIE AND ADAM BRIDGE PARTNERS, L.P.

BY: K & A BRIDGE PARTNERS CORP.,
General Partner

By: /s/ Steven B. Sands

Steven B. Sands, President

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PONDEROSA PARTNERS, L.P.

BY: /s/ Steven B. Sands

Steven B. Sands, General Partner

BY: /s/ Martin S. Sands

Martin S. Sands, General Partner

JENNA PARTNERS II, L.P.

BY: JENNA II CAPITAL CORP.,

General Partner

By: Steven B. Sands

Steven B. Sands, President

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101 PARK AVENUE
SIXTH FLOOR
NEW YORK, NEW YORK 10178
(212) 697-5200; FAX (212) 697-9035

March 13, 1996

Mr. Raymond J. Skiptunis,
Chief Executive Officer
Digital Solutions, Inc.
4041-F Hadley Road
South Plainfield, NJ 07080

Dear Mr. Skiptunis:

This letter shall confirm the various understandings of the undersigned as follows:

1. Katie and Adam Bridge Partners, L.P. (the "Partnership") hereby tenders to Digital Solutions, Inc. (the "Company") and the Company hereby accepts from the Partnership for cancellation, the Partnership's 12% Contingent Convertible Subordinated Note (the "Note") in consideration for \$1,098,111.11 in immediately available funds, representing payment of \$1,000,000 in principal, \$51,000.00 in interest from December 30, 1994 through November 28, 1995 (12% per annum) and \$47,111.11 in interest from November 29, 1995 to March 13, 1996 (16% per annum). The parties acknowledge that the Partnership has heretofore tendered to the Company a lost note affidavit with respect to the Note, and that such affidavit serves as delivery of the Note for payment.

2. The Common Stock Purchase Warrant, which was issued by the Company to the Partnership simultaneous with the execution and delivery of the Note, is hereby deemed amended to reduce the exercise price contained therein from \$2.59 to \$1.90 per share (the "Partnership Warrant"). In furtherance thereof, immediately following the execution and delivery of this letter agreement, the Company will issue a replacement Partnership Warrant reflecting such amended exercise price.

3. The Company hereby covenants and agrees that it shall include the shares of Common Stock underlying the Partnership Warrant and the similar warrants issued to each of the investors of the Company's December 1994 private placement which was placed by Sands Brothers (collectively, the "Warrantholders") in the registration statement which is required to be filed by the Company in connection with its current private placement of securities, a portion of which private placement has already been consummated, and in which private placement such registration is required.

4. Sands Brothers hereby assigns its (i) 25,000 warrants issued in connection with the 1993 Partnership loan to the Company; (ii) its 66,666 warrants issued in connection with the 1993 Reg. S offering of the Company; and (iii) its remaining 106,565 warrants issued in connection with the 1993 Reg. D offering of the Company, each exercisable at \$0.75 per share, to Ponderosa Partners, L.P. ("Ponderosa"). Upon execution and delivery of this letter agreement, and delivery of the foregoing warrants for cancellation, the Company shall issue new warrants in favor of Ponderosa evidencing the right to acquire such 25,000, 66,666 and 106,565 shares of the Company's Common Stock, in the form attached hereto, and the Sands Brothers warrants will be deemed cancelled.

5. The Company shall pay Littman Krooks & Roth, P.C. the sum of Seven Thousand Five Hundred (\$7,500) Dollars.

6. This letter is in full and complete satisfaction with all matters relating to the Note and the Partnership Warrant accruing prior to the date hereof.

Please indicate your acceptance to the foregoing by signing in the space provided below and returning a fully executed copy of this letter to the undersigned.

Very truly yours,

Katie and Adam Bridge Partners, L.P.
By: K&A Bridge Partners Corp.,
General Partner

By: \s\ Charles L. Robinson

Charles L. Robinson
Administrator

Sands Brothers & Co., Ltd.

By: \s\ Gary Franklin

Authorized Officer

Accepted and Agreed

Digital Solutions, Inc.

By: \s\ George Eklund

Authorized Officer