

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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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) December 17, 1998

DIGITAL SOLUTIONS, INC.  
(Exact name of Registrant as specified in charter)

New Jersey	0-18492	22-1899798
(State or other jurisdic-	(Commission	(IRS Employer
tion of incorporation)	File Number)	Identification No.)

300 Atrium Drive, Somerset, N.J.	08873
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (732) 748-1700

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(Former name or former address, if changed since last report.)

## ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On December 17, 1998, Digital Solutions, Inc. (the "Company") held a Special Meeting of Shareholders in Somerset, New Jersey. Shareholders of record at October 30, 1998 were entitled to attend and vote at the meeting. At the record date there were outstanding 19,356,833 shares of Common Stock, of which 12,632,968 (65%) were represented by proxy or in person at the Special Meeting. Voting of the shares of Common Stock was on a noncumulative basis.

The purpose of the Special Meeting was to consider and vote upon the following proposals:

1. APPROVAL OF THE ACQUISITION OF THE TEAMSTAFF COMPANIES. To approve and adopt two separate agreements entitled Plan and Agreement of Merger and Reorganization, dated as of October 29, 1998 (together, the "Merger Agreement") providing for the acquisition of the TeamStaff Entities, the result of which the TeamStaff Entities will become wholly-owned subsidiaries of the Company and pursuant to which the Company agreed (i) to issue up to an aggregate of 9,633,334 shares of Common Stock and (ii) to pay approximately \$3.1 million for the payment of debt and preferred stock.

## RESULTS OF VOTING UPON PROPOSAL TO ACQUIRE THE TEAMSTAFF COMPANIES

The Shareholders of the Company voted 12,320,088 shares (98% of those voting) in favor of the proposal. Shareholders holding 235,640 shares (2% of those voting) voted against the proposal and shareholders holding 77,240 shares either withheld approval or abstained from voting.

2. CHANGE OF NAME. To consider and approve a proposal to amend the Company's Certificate of Incorporation to change the name of the Company from Digital Solutions, Inc. to "TeamStaff, Inc."

## RESULTS OF VOTING UPON PROPOSAL TO CHANGE NAME.

The Shareholders of the Company voted 12,217,552 (97% of those voting) shares in favor of the proposal to change the Company's name. Shareholders holding 246,124 shares (2% of those voting) voted against the proposal and shareholders holding 169,292 shares abstained from the vote.

## ITEM 5. OTHER EVENTS.

Pursuant to the terms of the Agreement to acquire the TeamStaff Companies, Digital Solutions agreed to appoint to its Board of Directors a representative of the TeamStaff Companies. On December 17, 1998, the Board of Directors of the Company was

expanded by one member. Mr. Kirk Scoggins, the President of the TeamStaff Companies, was appointed effective upon closing of the acquisition to occupy this vacancy.

The Company expects to consummate the acquisition of the TeamStaff Companies upon receipt of necessary financing from its lender. The Company expects to complete the change of its name to TeamStaff, Inc., Inc. within approximately 60 days.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits.

3. Amendment to Amended and Restated Certificate of Incorporation (filed as Exhibit G to the Company's Proxy Statement dated November 12, 1998 as filed with the Securities and Exchange Commission).

99. Press Release dated December 18, 1998.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

DIGITAL SOLUTIONS, INC.  
(Registrant)

By /s/ Donald T. Kelly  
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Donald T. Kelly  
Chief Financial Officer

Dated: December 22, 1998

(DIGITAL-SOLUTIONS) (DGSI) Stockholders of Digital Solutions Approve Acquisition of the TeamStaff Companies

SOMERSET, N.J.--Dec. 17, 1998--Digital Solutions, Inc. (NASDAQ: DGSI), one of the nation's leading Professional Employer Organizations (PEO), announced today that its shareholders, at a special meeting, have approved the company's proposed merger agreement with The TeamStaff Companies, a group of privately-held PEOs located in Tampa, FL. The transaction was approved by holders of approximately 60 percent of Digital Solutions common stock, which represents 91 percent of the shares voted. The merged companies will have revenues of approximately \$240 million and approximately 11,000 worksite employees, ranking the combined company among the top 15 PEOs in the U.S. PEOs provide outsourcing of human resource, payroll, benefits, and workmen's compensation protection to small and medium sized businesses.

As previously announced, Digital Solutions will issue a minimum of approximately 8.2 million shares of its common stock in exchange for all of the common stock of TeamStaff and \$3.1 million in cash for all the preferred stock and for payment of debt. Completion of the transaction is contingent upon the receipt of necessary financing and other normal closing conditions. Upon completion of the merger, the company will be renamed TeamStaff, Inc. Following the name change, the company expects its common shares to trade on the NASDAQ SmallCap market under a new proposed symbol "TSTF".

According to Donald W. Kappauf, president and chief executive officer of DSI, the merger will provide Digital Solutions with an avenue for expansion in the attractive Southeastern marketplace, afford many opportunities for achieving operating efficiencies and synergies and accelerate the company's revenue and earnings growth over the next few years.

The merged companies' PEO business will be based in Tampa. Kirk Scoggins, president and a principal shareholder of TeamStaff, will become president of the combined company's professional employment organization division and join its board of directors. TeamStaff has offices in Raleigh/Durham, NC; Dallas, TX; Atlanta, GA; and Jacksonville, FL as well as Tampa. The company serves a variety of industries, including golf course management, resort property management, manufacturing, distribution and service industries.

Digital Solutions, Inc. provides comprehensive human resource management to small and mid-sized companies in a variety of industries. The company's service include professionally employer services which provide the administration of the human resource function, workers' compensation, employee benefits, a 401K plan, payroll and payroll tax service preparation. DSI also provides temporary and permanent staffing and payroll services. This press release contains statements of a forward-looking nature regarding future events. These statements are only

predictions and actual events may differ materially. Please refer to documents that DSI files from time to time with the Securities and Exchange Commission for a discussion of certain factors that could cause actual results to differ materially from those contained in the forward-looking statements.

CONTACT:                   Company Contact:  
Don Kappauf, Chief Executive Officer  
(732) 748-1700