

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 2054912

FORM 10-QSB/A
AMENDMENT No. 1

(Mark One)

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

For the quarterly period ended March 31, 1999

or

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

For the transition period from _____ to _____

Commission File No. 0-1665 Number: _____

DCAP GROUP, INC.

(Exact name of small business issuer as specified in its charter)

Delaware

36-2476480

(State or other jurisdiction of incorporation or organization) (I.R.S Employer Identification No.)

90 Merrick Avenue, East Meadow

11554

(Address of principal executive offices)

(Zip Code)

(516) 794-6300

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. () Yes (X) No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. () Yes () No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 11,930,260 shares as of April 30, 1999

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PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

DCAP GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(UNAUDITED)

March 31, 1999

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 343,723
Accounts receivable	450,006
Prepaid expenses and other current assets	39,044

Total current assets	832,773

PROPERTY AND EQUIPMENT, net

1,453,830

OTHER ASSETS:

Receivable from stockholders	570,261
Goodwill, net	3,624,021
Other intangibles	196,219
Deposits and other assets	153,045

Total other assets	4,543,546

\$6,830,149

=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable and accrued expense	\$1,260,233
Current portion of long-term debt	369,263
Debentures payable	154,200
Due to related party	31,800

Total current liabilities	1,815,496

OTHER LIABILITIES:

Long-term debt	557,564
Deferred revenue	215,546

Total other liabilities	773,110

MINORITY INTEREST

860,707

STOCKHOLDERS' EQUITY:

Common Stock, \$.01 par value; authorized, 25,000,000 shares; issued and outstanding, 11,930,260 shares	119,303
Capital in excess of par	7,570,154
Deficit	(4,080,621)

Subscription receivable	3,608,836
	(228,000)

	3,380,836

	\$6,830,149
	=====

See notes to condensed consolidated financial statements.

DCAP GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended March 31,	
	1999	1998
Revenues:		
Rooms	\$ 279,758	\$ 262,321
Commissions & fees	799,499	-0-
Other	8,100	4,437
Interest	18,981	17,951
	1,106,338	284,709
Costs and expenses:		
General, administrative and sundry	572,539	127,230
Departmental	99,758	79,101
Depreciation and amortization	38,914	9,830
Energy costs	5,024	5,480
Interest expense	7,086	-0-
Lease rentals	56,908	52,563
Marketing	265,310	5,672
Property operation and maintenance	6,087	5,912
Provision for bad debt	600	500
	1,052,226	286,288
Income (loss) before income taxes and minority interest	54,112	(1,579)
Provision for income taxes	9,537	-0-
	-----	-
Income (loss) before minority interest	44,575	(1,579)
Minority interest	10,970	-0-
	-----	-----
Net income (loss)	\$ 33,605	\$ (1,579)
	=====	=====
Net income (loss) per common share:		
Basic	\$.00	\$.00
	=====	=====
Diluted	\$.00	\$.00
	=====	=====
Weighted average number of shares outstanding:		
Basic	7,746,430	5,591,367
	=====	=====
Diluted	7,746,430	5,591,367
	=====	=====

See notes to condensed consolidated financial statements.

DCAP GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended March 31,	
	1999	1998
Cash flows from operating activities:		
Net income (loss)	\$ 33,605	\$ (1,579)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	38,914	9,830
Provision for bad debts	-0-	500
Minority interest in net earnings:	10,970	-0-
Decrease (increase) in assets:		
Accounts receivable	(39,110)	(24,366)
Prepaid expenses and other current assets	128,066	4,952
Other assets	(232)	1,947
Deposits	(105,357)	-0-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	117,452	(26,581)
Deferred revenue	(6,903)	-0-
	177,405	(35,297)
Net cash provided by (used in) operating activities	177,405	(35,297)
Cash flows from investing activities:		
Increase in notes and other receivables	(1,258,038)	(123,864)
Acquisition of property and equipment	(20,494)	(5,020)
Other	(7,299)	-0-
	-	-
Net cash (used in) investing activities	(1,285,831)	(128,884)
Cash flows from financing activities:		
Proceeds from issuance of stock	1,118,718	-0-
Principal payment of long-term debt	(20,000)	-0-
	-	-
Net cash provided by financing activities	1,098,718	-0-
	=====	=
Net decrease in cash and cash equivalents	(9,708)	(164,181)
Cash and cash equivalents, beginning of period	353,431	1,040,389
	-----	-----
Cash and cash equivalents, end of period	\$ 343,723	\$ 876,208
	=====	=====

See notes to condensed consolidated financial statements.

DCAP GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 1999 AND 1998 (UNAUDITED)

1. The Condensed Consolidated Balance Sheet as of March 31, 1999, the Condensed Consolidated Statements of Operations for the three months ended March 31, 1999 and 1998 and the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 1999 and 1998 have been prepared by the Company without audit. In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly its financial position as of March 31, 1999, results of operations for the three months ended March 31, 1999 and 1998 and cash flows for the three months ended March 31, 1999 and 1998. This report should be read in conjunction with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1998.
2. The results of operations and cash flows for the three months ended March 31, 1999 are not necessarily indicative of the results to be expected for the full year.
3. DCAP Acquisition; Pro Forma Information. Since February 25, 1999, the Company has been engaged in two lines of business. In one, the Company, through its wholly-owned subsidiary, Dealers Choice Automotive Planning Inc. ("DCAP"), and related entities (collectively, the "DCAP Companies"), is engaged primarily in placing various types of insurance with insurance underwriters on behalf of its customers. The categories of insurance placed include automobile, motorcycle, boat, life, business and homeowner's insurance. In addition, the DCAP Companies offer tax preparation services and automobile club services for roadside emergencies. The DCAP Companies also provide services with regard to obtaining insurance premium financing and personal and automobile loans from third parties. The DCAP Companies also intend to provide direct insurance premium financing services to their clients. The Company has been in this business since its February 25, 1999 acquisition of the DCAP Companies.

In its other line of business, the Company, through its wholly-owned subsidiary, IAH, Inc., operates the International Airport Hotel in San Juan, Puerto Rico (the "Hotel"). The Hotel caters generally to commercial and tourist travelers in transit.

As indicated above, on February 25, 1999, the Company acquired all of the outstanding stock of DCAP as well as interests in the other DCAP Companies. The Company's condensed consolidated statements of operations include the revenues and expenses of the DCAP Companies from February 25, 1999.

The following pro forma results were developed assuming the acquisition of the DCAP Companies had occurred as of January 1, 1998.

	Three Months Ended	
	March 31,	
	1999	1998
Revenues	\$2,231,097	\$1,924,597
Net loss	\$ (287,893)	\$ (421,898)
Loss per share	\$ (.02)	\$ (.04)

The pro forma net loss includes amortization of goodwill and other purchased intangibles of \$35,600 for the three months ended March 31, 1999 and 1998. The above unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the condensed consolidated results of operations in future periods or the results that actually would have been realized had the Company and the DCAP Companies been a combined company during the specified periods.

4. Segment and Related Information. In 1999, the Company adopted SFAS No. 131, Disclosures About Segments of an Enterprise and Related Information, which changes the way the Company reports information about its operating segments. The Company has two business units with separate management teams that provide different products and services. Prior to the acquisition of the DCAP Companies, the Company was engaged in one line of business. Accordingly, segment information has been omitted for 1998.

Summarized financial information concerning the Company's reportable segments is shown in the following table:

Three months ended
March 31, 1999

	DCAP Companies	Hotel	Other(1)	Total
Revenues	\$799,499	\$288,616	\$18,223	\$1,106,338
Net income (loss)	8,346	61,753	(36,494)	33,605

(1) Column represents corporate-related items and, as it relates to segment net income (loss), income and expense not allocated to reportable segments.

5. On February 25, 1999, concurrently with the acquisition of the DCAP Companies, Eagle Insurance Company ("Eagle") purchased 1,486,893 Common Shares of the Company for an aggregate purchase price of approximately \$1,000,000 or \$.67 per share. Eagle is a New Jersey insurance company wholly-owned by The Robert Plan Corporation, an insurance holding company that is engaged in providing services to insurance companies.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

THREE MONTHS ENDED MARCH 31, 1999 AND 1998

Background

During 1998 and prior to February 25, 1999, the sole business of DCAP Group, Inc. (the "Company") was the operation, through a wholly-owned subsidiary, IAH, Inc., of the International Airport Hotel in San Juan, Puerto Rico (the "Hotel").

On February 25, 1999, the Company acquired all of the issued and outstanding shares of Common Stock of Dealers Choice Automotive Planning Inc. ("DCAP") as well as interests in certain companies affiliated with DCAP (collectively with DCAP, the "DCAP Companies"). The DCAP Companies are engaged primarily in placing various types of insurance, including automobile, motorcycle, boat, life, business and homeowner's insurance, with insurance underwriters on behalf of their customers. In addition, the DCAP Companies offer income tax return preparation services and automobile club services for roadside emergencies. The DCAP Companies also provide services with regard to obtaining insurance premium financing and personal and automobile loans from third parties. The DCAP Companies also intend to provide direct insurance premium financing services to their clients.

The DCAP Companies are compensated for their insurance-related services by commissions paid by insurance companies; the commission is usually a percentage of the premium paid by the insured. The DCAP Companies do not engage in underwriting activities and therefore do not assume underwriting risks.

There are 56 "DCAP" offices in the New York metropolitan area. Four are wholly-owned by the Company; 24 are owned partially by the Company (directly or beneficially, generally ranging between 50% and 67%) and partially by other persons who generally operate the location; and 28 are franchises in which the Company has no equity interest; the franchisor, DCAP Management Corp., however, is wholly-owned by the Company.

Concurrently with the closing of the DCAP acquisition, the Company issued and sold to Eagle Insurance Company ("Eagle") 1,486,893 Common Shares for an aggregate purchase price of approximately \$1,000,000.

Eagle is a New Jersey insurance company wholly-owned by The Robert Plan Corporation ("The Robert Plan"), an insurance holding company that is engaged in providing services to insurance companies. Pursuant to separate agency agreements between certain DCAP Companies and certain insurance company subsidiaries of The Robert Plan, such DCAP Companies have been appointed agents of the insurance companies with regard to the offering of automobile and other insurance products.

Results of Operations

The Company's net income for the three months ended March 31, 1999 was \$33,605 as compared to a net loss of \$1,579 for the three months ended March 31, 1998. The results of

operations for the three months ended March 31, 1999 included the results of operations of the DCAP Companies from February 25, 1999, the date of the acquisition by the Company of the DCAP Companies. The income for the three months ended March 31, 1999 was the result primarily of higher room rental revenues of \$17,437 and lower general and administrative expenses of \$43,482 (without consideration of the DCAP Companies) as compared to the three months ended March 31, 1998, offset by increased Hotel departmental expenses of \$20,657. The operations of the DCAP Companies from February 25, 1999 contributed \$8,346 to the Company's net income during the three months ended March 31, 1999.

Liquidity and Capital Resources

As of March 31, 1999, the Company had \$343,723 in cash and cash equivalents and a working capital deficit of \$913,923. As of December 31, 1998, the Company had \$353,431 in cash and cash equivalents and a working capital surplus of \$1,064,590.

Cash and cash equivalents remained generally constant between December 31, 1998 and March 31, 1999 due to the following: (i) on February 25, 1999, concurrently with the closing of the DCAP acquisition, the Company received proceeds from the sale of stock in the amount of \$1,118,718; and (ii) subsequent to such event, the Company used substantially all of such proceeds to satisfy accrued liabilities of the Company and the DCAP Companies.

The reduction in working capital between December 31, 1998 and March 31, 1999 was primarily the result of the following: (i) the Company's working capital surplus as of December 31, 1998 included \$846,362, which represented a note receivable (including accrued interest) from DCAP; such amount was eliminated in consolidation since DCAP is now a wholly-owned subsidiary of the Company; and (ii) as of February 25, 1999, the combined working capital deficiency of the DCAP Companies (exclusive of amounts owed to the Company) was approximately \$888,000.

Based on the Company's working capital deficiency, it requires additional financing to meet its cash flow needs.

In April 1999, the Company entered into a placement agent agreement with respect to a private placement of its equity securities. The Company is currently offering, through a placement agent, up to 40 Units (consisting of Common Shares and warrants) at a purchase price of \$50,000 per Unit (or an aggregate offering of up to \$2,000,000). The proceeds of the maximum offering are intended to be used for advertising, the establishment of premium finance operations, computer upgrades and working capital purposes. No assurances can be given that the offering will be consummated.

The securities offered in the private placement will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act or an exemption from the registration requirements thereof. The placement agent agreement provides for the grant of certain registration rights to the purchasers of the offered securities.

Year 2000

DCAP Companies

The Year 2000 ("Y2K") problem is the result of computer programs being written using two digits, rather than four, to define the applicable year. Any of the programs of the DCAP Companies that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations or system failures. DCAP has implemented a Y2K compliance program designed to ensure that its computer systems, applications and embedded operating systems will function properly beyond 1999. DCAP believes that all of its "mission critical" systems have been identified, and will be brought into compliance in a timely fashion.

There are only two information technology ("IT") systems that require Y2K analysis. One of these is in DCAP's headquarters and is currently being brought into compliance, pursuant to a contract under which the work is anticipated to be completed by the end of the third quarter of 1999, at a cost of approximately \$10,000. This work will be subject to verification and testing by an unrelated third party. Such verification, testing and related work may lead to additional expense and may require time for implementation that may extend into the fourth quarter of 1999. Management has been informed that such expense is not likely to exceed a maximum of \$50,000.

The second IT system that requires Y2K analysis is the storefront point of sale system, to which each DCAP store is connected; currently, this system is not Y2K-compliant. DCAP believes that this second IT system will be fully compliant by the end of the third quarter of 1999. The remediation of the storefront computer system will be accomplished in two steps. The first step consists of the installation of an entirely new system of leased computers. The programs that have been installed in these computers have been tested by an independent third party with whom DCAP has had a maintenance contract for the past four years. The testing of the storefront computer system, which occurred prior to installation, has been completed. The second step involves revisions to the programs that structure and give access to the database that each of the storefronts maintains. The revision to the database programs is expected to be completed before the end of the third quarter of 1999, and will be tested by the party performing the work. Other than the testing of the new storefront computer system and of the database programs revision, DCAP does not anticipate any independent verification of its Y2K readiness. The lease agreement obligates DCAP to make payments totaling \$92,000; the database work is expected to cost approximately \$20,000. It is anticipated that these costs will be expensed as incurred and funded through cash from operations.

The only material non-IT system which might be impacted by the Y2K problem is DCAP's telephone system. DCAP has been assured by the manufacturer of the system that it has addressed its Y2K problems, and that it is prepared to upgrade the DCAP phone system, at a cost of \$5,000, in order to make the system Y2K compliant. DCAP management has not yet determined whether to upgrade its phone system through an agreement with the manufacturer, or otherwise, but it anticipates that this single non-IT Y2K issue will be fully remediated by the end of the second quarter of 1999. An inventory and assessment of other potential non-IT systems, which could have an impact on the business, operations, and financial position of the DCAP Companies, has been completed by the management of DCAP. It was determined that no other non-IT systems will pose any Y2K problem.

DCAP's executive management has been contacted by all of the major insurance carriers with which it does a significant amount of business. Most of these major carriers, such as Chubb and Travelers, have notified DCAP that their Y2K compliance programs are at or near completion, and DCAP therefore anticipates no Y2K problems with these parties. The object of the contacts by these companies was to ensure that DCAP itself would be Y2K compliant, in order to ensure the orderly continuation of business with them. DCAP anticipates receiving similar communications from all of the major carriers with which it deals by the end of the third quarter of 1999. However, neither the Company nor the management of DCAP can assure that the systems of these insurance carriers, upon which the business of the DCAP Companies depends, will be Y2K compliant on a timely basis. DCAP is developing contingency plans designed to enable it to continue its operations in the event of the loss of business from one or more of these carriers or due to other third party failures.

DCAP's management intends to develop a "worst-case scenario" with respect to Y2K non-compliance and to develop contingency plans designed to minimize the effects of such scenario. Both the worst-case scenario and the contingency plan will involve analysis of (i) the use of alternative sources of insurance coverage (of which DCAP has several) in the event of the loss of availability of one or more major carriers, and (ii) the use of alternative, non-IT methods of processing applications, including manual processing, in the event of IT-system failure on the part of outside parties. The executive management of DCAP intends to have its worst-case scenario and contingency plan fully developed and completely in place by the end of the third quarter of 1999.

Hotel Operations

The Company's wholly-owned subsidiary, IAH, operates the International Airport Hotel at San Juan International Airport, Puerto Rico. IAH does not have any IT systems. Of the non-IT systems that comprise part of the Hotel's operations, the switchboard is the only such system that contains imbedded technology not Y2K - compliant. The Hotel has a plan in place, which is designed to avoid any Y2K difficulties, both before and after January 1, 2000. The plan consists primarily of a series of physical and practical alterations in the Hotel's switchboard procedures, and does not involve any replacement of equipment or any significant effort or cost. All other non-IT systems are operated manually.

Forward Looking Statements

Certain information contained in the matters set forth above are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and is subject to the safe harbor created by that act. The Company cautions readers that certain important factors may affect the Company's actual results and could cause such results to differ materially from any forward-looking statements which may be deemed to have been made above and elsewhere in this Quarterly Report or which are otherwise made by or on behalf of the Company. For this purpose, any statements contained above and elsewhere in this Quarterly Report that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue" or the negative variations of those words or comparable terminology are intended to identify forward-looking statements. Factors which may affect the Company's results include, but are not limited to, the risks and uncertainties associated with undertaking different lines of business, the lack of experience in operating certain new business lines, the volatility of insurance premium pricing, government

regulation, competition from larger, better financed and more established companies, the possibility of tort reform and a resultant decrease in the demand for insurance, the uncertainty of the litigation with regard to the Hotel lease, the dependence on the Company's executive management, uncertainties related to attempts to achieve Y2K compliance and the ability of the Company to raise additional capital which will be required in the near term. The Company is also subject to other risks detailed herein or detailed from time to time in the Company's Securities and Exchange Commission filings.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In November, 1996, an action was commenced in the United States District Court for the Eastern District of Pennsylvania by Regent National Bank ("Regent") against DCAP and Payments, Inc. (now a wholly-owned subsidiary of the Company) alleging that DCAP and Payments, Inc. breached a certain contract in connection with Regent's agreement to provide funding to finance the purchase of automobile insurance for customers of DCAP, Payments, Inc. and affiliated agencies. Subsequently, Regent amended its pleading to add DCAP's principals, Kevin Lang and Abraham Weinzimer, as defendants. Regent claims that the defendants are liable to it for the losses Regent allegedly suffered as a result of unpaid loans made through DCAP agencies. Regent claims damages in excess of \$800,000. DCAP and Payments, Inc. have interposed several affirmative defenses and have asserted counterclaims against Regent for breach of contract and fraud. DCAP and Payments, Inc. seek damages of \$40,000. The court is currently considering motions for summary judgment. DCAP believes that it has meritorious defenses to Regent's claims and intends to continue to defend and pursue its counterclaim vigorously. In March 1997, DCAP, Payments, Inc. and their affiliated agencies brought a separate action against, among others, Regent in the Supreme Court of the State of New York alleging, among other things, breach of contract, negligence and fraud and seeking damages of at least \$2,000,000 as well as punitive damages in the amount of \$2,000,000. Such action has been stayed pending the resolution of the Pennsylvania action.

Item 2. CHANGES IN SECURITIES

On February 25, 1999, the Company acquired all of the outstanding shares of DCAP as well as interests in related entities (collectively, the "DCAP Shares").

In consideration for the transfer of the DCAP Shares, the Company issued 1,650,000 Common Shares to each of Kevin Lang and Abraham Weinzimer (3,300,000 Common Shares in the aggregate).

Concurrently with the acquisition of the DCAP Shares, the Company issued additional Common Shares as follows:

- (i) 475,000 Common Shares to each of Messrs. Lang and Weinzimer (950,000 Common Shares in the aggregate) at a purchase price of \$.25 per share (an aggregate of \$237,500), paid as follows:
 - (a) an amount in cash equal to the par value of the 950,000 Common Shares (an aggregate of \$9,500); and
 - (b) the balance by the delivery by each of Messrs. Lang and Weinzimer of a promissory note in the principal amount of \$114,000 (an aggregate of \$228,000) (collectively, the "Additional Shares Notes"). The Additional Shares Notes provide for, among other things, the following:
 - (I) interest at the rate of 6% per annum; and

(II) payment of principal and interest in six equal annual installments commencing April 15, 2001 and continuing through April 15, 2006, subject to acceleration to the extent that Mr. Lang or Mr. Weinzimer receives any proceeds from the sale or other disposition of any Common Shares;

(ii) 452,000 Common Shares in the aggregate to Morton L. Certilman, Jay M. Haft and Brian K. Ziegler or their designees (208,500 Common Shares to each of Messrs. Certilman and Haft or his retirement trust and an aggregate of 35,000 Common Shares to Mr. Ziegler and his wife) at a purchase price of \$.25 per share (an aggregate of \$113,000), paid in cash; and

(iii) 1,486,893 Common Shares to Eagle at a purchase price of \$.67 per share (an aggregate of approximately \$1,000,000), paid in cash.

Effective as of March 17, 1999, in consideration for the transfer of certain contract rights, the Company issued 150,000 Common Shares to East County Insurance Agency - Shirley, Inc.

The above transactions were private transactions not involving a public offering and were exempt from the registration provisions of the Securities Act pursuant to Section 4(2) thereof. The Company determined that each of the purchasers was an "accredited investor" or otherwise a sophisticated investor. The certificates representing such Common Shares bear restrictive legends permitting the transfer thereof only upon registration of such securities or pursuant to an exemption under the Securities Act.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At an annual meeting of stockholders held on February 25, 1999, the stockholders of the Company elected Morton L. Certilman, Jay M. Haft and Leon Lapidus as directors of the Company for the coming year. Subsequent to the consummation of the DCAP acquisition, pursuant to the terms of the acquisition agreement, Mr. Lapidus resigned as a director of the Company and Kevin Lang and Abraham Weinzimer were elected as directors; in addition, concurrently therewith, pursuant to a certain subscription agreement with Eagle, Robert M. Wallach was also elected a director of the Company.

In addition, at the annual meeting, the stockholders of the Company approved (i) the Agreement, dated as of May 8, 1998, by and among the Company, Messrs. Certilman, Haft, Lang and Weinzimer, as amended, with respect to, among other things, the acquisition of the DCAP Shares; (ii) an amendment to the Company's Certificate of Incorporation to change the name of the Company to "DCAP Group, Inc."; (iii) an amendment to the Company's Certificate of Incorporation to increase the number of authorized Common Shares from 10,000,000 to 25,000,000; (iv) an amendment to the Company's Certificate of Incorporation pursuant to which, if action is to be taken by the stockholders of the Company without a meeting, then, under certain circumstances, the written consent of the holders of all of the shares of capital stock of the Company entitled to vote

on such matter will be required; and (v) the adoption of the Company's 1998 Stock Option Plan.

The number of votes with regard to the foregoing was as follows:

(i) Election of Directors

Nominee	Voted for Election	Number of Proxy Votes Withheld
Morton L. Certilma	3,203,079	1,545
Jay M. Haft	3,203,079	1,545
Leon Lapidus	3,203,079	1,545

(ii) Approval of Agreement with respect to DCAP

For: 3,200,617 Against: 1,685 Abstain: 2,322

(iii) Approval of Change of Name

For: 3,200,712 Against: 2,090 Abstain: 1,822

(iv) Approval of Increase in Number of Authorized Common Shares

For: 3,200,265 Against: 2,637 Abstain: 1,722

(v) Approval of Amendment with respect to Stockholder Action

For: 3,201,915 Against: 1,487 Abstain: 1,222

(vi) Approval of 1998 Stock Option Plan

For: 3,201,015 Against: 2,537 Abstain: 1,072

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3(a) Certificate of Incorporation, as amended 1

1 Denotes document filed as exhibits to the Company's Annual Reports on Form 10-KSB for the years ended December 31, 1993 and 1998 and incorporated herein by reference.

3(b) By-laws, as amended²

27 Financial Data Schedule

(b) Reports on Form 8-K

During the quarter ended March 31, 1999, the following Current Reports on Form 8-K were filed by the Company:

- (i) Date Filed: January 19, 1999
Items Reported: 5 and 7
- (ii) Date Filed: March 12, 1999
Items Reported: 1, 2 and 7
- (iii) Date Filed: March 23, 1999
Item Reported: 5

- - - - -
2 Denotes document filed as an exhibit to the Company's Annual Report on Form 10-KSB for the year ended December 31, 1998 and incorporated herein by reference.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DCAP GROUP, INC.

Dated: June __, 1999

By: _____
Kevin Lang, President

Dated: June __, 1999

By: _____
Abraham Weinzimer
Principal Financial Officer

1
U.S.

3-mos

	DEC-31-1999	Jan-01-1999	Mar-31-1999
	1		
		343,723	
	0		
	450,006		
	0		
	0		
	832,773		
		3,438,604	
	1,984,774		
	6,830,149		
1,815,496			
	0		
0			
	0		
		119,303	
		3,261,533	
6,830,149			
	0		
	1,106,338		
		0	
		1,052,226	
	10,970		
	0		
0			
	43,142		
		9,537	
33,605			
	0		
	0		
		0	
		33,605	
		.004	
		.004	