

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-8
 REGISTRATION STATEMENT
 UNDER
 THE SECURITIES ACT OF 1933

BROOKE GROUP LTD.
 (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	100 S. E. SECOND STREET MIAMI, FLORIDA 33131 (305) 579-8000 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)	51-0255124 (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
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STOCK OPTIONS
 (FULL TITLE OF THE PLAN)

MARC N. BELL, ESQ.
 GENERAL COUNSEL
 BROOKE GROUP LTD.
 100 S.E. SECOND STREET
 MIAMI, FLORIDA 33131
 (305) 579-8000
 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
 OF AGENT FOR SERVICE)

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER SECURITY (1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (1)	AMOUNT OF REGISTRATION FEE
COMMON STOCK, PAR VALUE \$.10 PER SHARE	1,422,000 (2)	\$2.19	\$3,110,000	\$942

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(h)(1) under the Securities Act of 1933, based upon the exercise prices of the options to purchase the Common Stock to which this Registration Statement relates.

(2) This Registration Statement also relates to such indeterminate number of additional shares of Common Stock of the Registrant as may be issuable as a result of stock splits, stock dividends, recapitalizations, mergers, reorganizations, combinations or exchange of shares or other similar events.

This Registration Statement shall become effective upon filing with the SEC in accordance with Section 8(a) of the Securities Act of 1933, as amended, and Rule 462 promulgated thereunder.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.

Not required to be filed with the Securities and Exchange Commission (the "SEC").

Item 2. Registrant Information and Employee Plan Annual Information.

Not required to be filed with the SEC.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed or to be filed by Brooke Group Ltd. (the "Registrant") with the SEC (File No. 1-5759) are incorporated herein by reference:

1. The Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996.
2. All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") since the end of the fiscal year covered by the document referred to in (1) above.
3. The description of the Registrant's Common Stock to be offered upon exercise of the Stock Options contained in a registration statement filed by the Registrant, including all amendments and reports filed for the purpose of updating such descriptions.

All documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Any statements contained in this Registration Statement, or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

None.

Item 6. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law and Article VI of the Registrant's By-Laws provide for indemnification of the Registrant's directors and officers in a variety of circumstances, which may include liabilities under the Securities Act of 1933.

Section 102 of the Delaware General Corporation Law allows a corporation to eliminate the personal liability of a director of a corporation to the corporation or to any of its stockholders for monetary damage for a breach of his fiduciary duty as a director, except in the case where the director (i) breaches his duty of loyalty, (ii) fails to act in good faith, engages in intentional misconduct or knowingly violates a law, (iii) authorized the payment of a dividend or approves a stock repurchase in violation of the Delaware General Corporate Law or (iv) obtains an improper personal benefit. Article Ninth of the Registrant's Restated Certificate of Incorporation, as amended, includes a provision which eliminates directors' personal liability to the full extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended.

Item 7. Exemption from Registration Claimed.

Not Applicable.

Item 8. Exhibits.

(a)	EXHIBIT NO. -----	DESCRIPTION -----
	4.1	Stock Option Agreement, dated December 16, 1996, between the Registrant and Howard M. Lorber.
	4.2	Stock Option Agreement, dated January 1, 1997, between the Registrant and Richard J. Lampen.
	4.3	Stock Option Agreement, dated January 1, 1997, between the Registrant and Marc N. Bell.
	4.4	Stock Option Agreement, dated January 1, 1997, between the Registrant and J. Bryant Kirkland III.
	5.1	Opinion of Andrew E. Balog, Esq.
	23.1	Consent of Coopers and Lybrand, L.L.P.
	23.2	Consent of Price Waterhouse LLP.
	23.3	Consent of KPMG Peat Marwick LLP.
	23.4	Consent of Arthur Andersen LLP.
	23.5	Consent of Andrew E. Balog, Esq. (included in Exhibit 5.1).
	24.1	Power of Attorney (included in the signature page hereof).

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of the securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in the volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

provided, however, that paragraphs (i) and (ii) do not apply if the information required to be included in a post-effective amendment is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to any provision or arrangement whereby the Registrant may indemnify any such directors, officers or controlling persons against such liabilities, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the undersigned registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Miami, and State of Florida, on the 31st day of March, 1997.

BROOKE GROUP LTD.

By: /s/ Joselynn D. Van Siclen

Joselynn D. Van Siclen
Vice President, Chief Financial
Officer and Treasurer

Each person whose signature appears below hereby authorizes Richard J. Lampen, Joselynn D. Van Siclen and Marc N. Bell, and each of them individually (the "Agent"), with full power of substitution and resubstitution, to file one or more amendments (including post-effective amendments) to the Registration Statement which amendments may make such changes in the Registration Statement as such Agent deems appropriate and each such person hereby appoints each such Agent as attorney-in-fact to execute in the name and on behalf of each such person, individually and in each capacity stated below, any such amendments to the Registration Statement.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on March 31, 1997.

/s/ Bennett S. LeBow	Chairman of the Board of
-----	Directors, President and
Bennett S. LeBow	Chief Executive Officer
	(Principal Executive Officer)

/s/ Joselynn D. Van Siclen	Vice President, Chief Financial
-----	Officer and Treasurer (Principal
Joselynn D. Van Siclen	Financial Officer and Principal
	Accounting Officer)

/s/ Robert J. Eide	Director

Robert J. Eide	

/s/ Jeffrey S. Podell	Director

Jeffrey S. Podell	

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

December 16, 1996

Mr. Howard M. Lorber
70 East Sunrise Highway
Suite 411
Valley Stream, New York 11581

Dear Mr. Lorber:

We are pleased to inform you that Brooke Group Ltd. (the "Company") has granted you a nonqualified option (the "Option") to purchase 1,000,000 shares of the Company's common stock, par value \$.10 per share (the "Common Stock"), at a price of \$1.00 per share (any of the underlying shares of Common Stock to be issued upon exercise of the Option are referred to hereinafter as the "Shares"), subject to the following terms and conditions:

1. The Option may be exercised on or prior to July 1, 2006 (at which date the Option will, to the extent not previously exercised, expire), as follows: (a) as to 166,666 of the Shares, on and after July 1, 1997; (b) as to 166,666 of the Shares, on and after July 1, 1998; (c) as to 166,667 of the Shares, on and after July 1, 1999; (d) as to 166,667 of the Shares, on and after July 1, 2000; (e) as to 166,667 of the Shares, on and after July 1, 2001; and (f) as to the final 166,667 of the Shares, on and after July 1, 2002. Each such installment shall be cumulative and your right of purchase thereunder shall continue, unless exercised or terminated as herein provided through the expiration date of the Option.

2. Any installment of the Option, from and after the date it becomes exercisable pursuant to Section 1 hereof, may be exercised in whole or in part by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, specifying the number of the Shares to be purchased, together with payment of the purchase price of the Shares to be purchased. The purchase price is to be paid in cash or by delivering shares of Common Stock already owned by you and having a fair market value on the date of exercise equal to the exercise price of the Option, or a combination of such shares and cash.

3. Except to the extent provided in Section 4 hereof, in the event your consulting arrangement with the Company is terminated for any reason, the Option shall forthwith terminate, provided that you may exercise any then unexercised installments of the Option then

Mr. Howard M. Lorber
December 16, 1996
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exercisable at any time prior to the earlier of three months after the termination of your consulting arrangement or the expiration of the Option.

4. In the event of the occurrence of any Change of Control of the Company or of New Valley Corporation (as the term "Change of Control" is defined in Section 6(f) of the Employment Agreement entered into between you and New Valley Corporation dated as of January 1, 1995 and as amended effective as of January 1, 1996 [the "Employment Agreement"]), other than any Change of Control arising by reason of a testamentary bequest by Bennett S. LeBow to or for the benefit of his surviving spouse of any or all securities of the Company or of New Valley Corporation beneficially owned by him as of his date of death so long as, following the bequest, the event referenced in Section 6(f)(ii) of the Employment Agreement shall not have occurred, all installments of the Option (to the extent not previously exercised) shall become immediately exercisable at any time prior to the earlier of three months after the termination of your consulting arrangement or the expiration of the Option.

5. In the event of the payment of any dividends or other distributions in respect of the Common Stock on or after the date hereof through and including July 1, 2006, you shall receive, within ten days of the payment of such dividend or distribution, a payment equal to the amount of any such dividends or other distributions that would have been paid to you had you been at the record date for such dividends or other distributions a shareholder of the Shares, provided that dividends or distributions in respect of Shares that are not exercisable on such record date shall only be paid to you at the time such Shares become exercisable.

6. The Option is not transferable otherwise than by will or by the applicable laws of descent and distribution and may be exercised during your lifetime only by you (or in the event of your Disability, by your personal representative or representatives).

7. In the event of your death, the Option may be exercised by your personal representative or representatives or by the person or persons to whom your rights under the Option shall pass by will or by the applicable laws of descent or distribution.

8. In the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, merger, consolidation, split-up, subdivision, combination or exchange of shares, or the like, the aggregate number and kind of shares subject to the Option and the exercise price thereof shall be proportionately adjusted by the Company.

9. Unless at the time of the exercise of the Option a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon

Mr. Howard M. Lorber
December 16, 1996
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any exercise of the Option, in whole or in part, you agree to execute and deliver to the Company a certificate to such effect.

10. You understand and acknowledge that, under existing law, unless at the time of the exercise of the Option a registration statement under the Act is in effect as to the Shares so issuable: (i) any Shares purchased by you upon exercise of the Option may be required to be held indefinitely unless such Shares are subsequently registered under the Act or an exemption from such registration is available; (ii) any sales of such Shares made in reliance upon Rule 144 promulgated under the Act may be made only in accordance with the terms and conditions of that Rule (which, under certain circumstances, restrict the number of shares which may be sold and the manner in which shares may be sold); (iii) in the case of securities to which Rule 144 is not applicable, compliance with Regulation A promulgated under the Act or some other disclosure exemption shall be required; (iv) certificates for Shares to be issued to you hereunder shall bear a legend to the effect that the Shares have not been registered under the Act and that the Shares may not be sold, hypothecated or otherwise transferred in the absence of an effective registration statement under the Act relating thereto or an opinion of counsel satisfactory to the Company that such registration is not required; and (v) the Company shall place an appropriate "stop transfer" order with its transfer agent with respect to such Shares.

11. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8, Form S-3 or other applicable form to register under the Act the Shares issuable to you upon exercise of the Option and the resale thereof by you.

Mr. Howard M. Lorber
December 16, 1996
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Would you kindly evidence your acceptance of the Option and your agreement to comply with the provisions hereof by executing this letter in the space provided below.

Very truly yours,

BROOKE GROUP LTD.

By: /s/ Bennett S. LeBow

Bennett S. LeBow
Chairman, President
and Chief Executive Officer

AGREED TO AND ACCEPTED:

/s/ Howard M. Lorber

Howard M. Lorber

EXHIBIT A

Brooke Group Ltd.
100 S. E. Second Street, 32nd Floor
Miami, Florida 33131

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of Common Stock, \$.10 par value (the "Shares"), of Brooke Group Ltd., at a price of \$1.00 per Share, pursuant to the provisions of the stock option granted to me on November _____, 1996. Enclosed in payment for the Shares is:

- [] my check in the amount of \$ _____.
- [] _____ Shares having a total value of \$ _____, such value being based on the closing price(s) of the Shares on the date hereof.

The following information is supplied for use in issuing an registering the Shares purchased hereby:

Number of Certificates and Denominations _____

Name _____

Address _____

Social Security _____

Dated:

Very truly yours,

Howard M. Lorber

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

January 1, 1997

Mr. Richard J. Lampen
350 Costa Brava Court
Coral Gables, Florida 33143

Dear Mr. Lampen:

We are pleased to inform you that Brooke Group Ltd. (the "Company") has granted you a nonqualified option (the "Option") to purchase 260,000 shares of the Company's common stock, par value \$.10 per share (the "Common Stock"), at a price of \$5.00 per share (any of the underlying shares of Common Stock to be issued upon exercise of the Option are referred to hereinafter as the "Shares"), subject to the following terms and conditions:

1. The Option may be exercised on or prior to December 31, 2006 (at which date the Option will, to the extent not previously exercised, expire), as follows: (a) as to 43,333 of the Shares, on and after January 1, 1998; (b) as to 43,333 of the Shares, on and after January 1, 1999; (c) as to 43,333 of the Shares, on and after January 1, 2000; (d) as to 43,333 of the Shares, on and after January 1, 2001; (e) as to 43,334 of the Shares, on and after January 1, 2002; and (f) as to the final 43,334 of the Shares, on and after January 1, 2003. Each such installment shall be cumulative and your right of purchase thereunder shall continue, unless exercised or terminated as herein provided, through the expiration date of the Option.

2. Any installment of the Option, from and after the date it becomes exercisable pursuant to Section 1 hereof, may be exercised in whole or in part by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, specifying the number of the Shares to be purchased, together with payment of the purchase price of the Shares to be purchased. The purchase price is to be paid in cash or by delivering shares of Common Stock already owned by you and having a fair market value on the date of exercise equal to the exercise price of the Option, or a combination of such shares and cash.

3. Except to the extent provided in Section 4 hereof, in the event your employment with the Company is terminated for any reason, the Option shall forthwith terminate, provided that you may exercise any then unexercised installments of the Option then exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

Mr. Richard J. Lampen
January 1, 1997
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4. In the event of the occurrence of any Change of Control of the Company or of New Valley Corporation (as the term "Change of Control" is defined in Section 6(f) of the Employment Agreement, dated as of January 1, 1995, as amended as of January 1, 1996, between Howard M. Lorber and New Valley Corporation), other than any Change of Control arising by reason of a testamentary bequest by Bennett S. LeBow to or for the benefit of his surviving spouse of any or all securities of the Company or of New Valley Corporation beneficially owned by him as of his date of death so long as, following the bequest, the event referenced in Section 6(f)(ii) of such Employment Agreement shall not have occurred, all installments of the Option (to the extent not previously exercised) shall become immediately exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

5. The Option is not transferable otherwise than by will or by the applicable laws of descent and distribution and may be exercised during your lifetime only by you (or in the event of your Disability, by your personal representative or representatives).

6. In the event of your death, the Option may be exercised by your personal representative or representatives or by the person or persons to whom your rights under the Option shall pass by will or by the applicable laws of descent or distribution.

7. In the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, merger, consolidation, split-up, subdivision, combination or exchange of shares, or the like, the aggregate number and kind of shares subject to the Option and the exercise price thereof shall be proportionately adjusted by the Company.

8. Unless at the time of the exercise of the Option a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon any exercise of the Option, in whole or in part, you agree to execute and deliver to the Company a certificate to such effect.

9. You understand and acknowledge that, under existing law, unless at the time of the exercise of the Option a registration statement under the Act is in effect as to the Shares so issuable: (i) any Shares purchased by you upon exercise of the Option may be required to be held indefinitely unless such Shares are subsequently registered under the Act or an exemption from such registration is available; (ii) any sales of such Shares made in reliance upon Rule 144 promulgated under the Act may be made only in accordance with the terms and conditions of that Rule (which, under certain circumstances, restrict the number of shares which may be sold and the manner in which shares may be sold); (iii) in the case of securities to which Rule 144 is not

Mr. Richard J. Lampen
January 1, 1997
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applicable, compliance with Regulation A promulgated under the Act or some other disclosure exemption shall be required; (iv) certificates for Shares to be issued to you hereunder shall bear a legend to the effect that the Shares have not been registered under the Act and that the Shares may not be sold, hypothecated or otherwise transferred in the absence of an effective registration statement under the Act relating thereto or an opinion of counsel satisfactory to the Company that such registration is not required; and (v) the Company shall place an appropriate "stop transfer" order with its transfer agent with respect to such Shares.

10. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8, Form S-3 or other applicable form to register under the Act the Shares issuable to you upon exercise of the Option and the resale thereof by you.

Mr. Richard J. Lampen
January 1, 1997
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Would you kindly evidence your acceptance of the Option and your agreement to comply with the provisions hereof by executing this letter in the space provided below.

Very truly yours,

BROOKE GROUP LTD.

By: /s/ Bennett S. LeBow

Bennett S. LeBow
Chairman, President
and Chief Executive Officer

AGREED TO AND ACCEPTED:

/s/ Richard J. Lampen

Richard J. Lampen

EXHIBIT A

Brooke Group Ltd.
100 S. E. Second Street, 32nd Floor
Miami, Florida 33131

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of Common Stock, \$.10 par value (the "Shares"), of Brooke Group Ltd., at a price of \$5.00 per Share, pursuant to the provisions of the stock option granted to me on January 1, 1997. Enclosed in payment for the Shares is:

[] my check in the amount of \$ _____.

[] _____ Shares having a total value of \$ _____, such value being based on the closing price(s) of the Shares on the date hereof.

The following information is supplied for use in issuing an registering the Shares purchased hereby:

Number of Certificates and Denominations _____

Name _____

Address _____

Social Security _____

Dated:

Very truly yours,

Richard J. Lampen

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

January 1, 1997

Mr. Marc N. Bell
3047 Lakewood Drive
Ft. Lauderdale, FL 33332

Dear Mr. Bell:

We are pleased to inform you that Brooke Group Ltd. (the "Company") has granted you a nonqualified option (the "Option") to purchase 100,000 shares of the Company's common stock, par value \$.10 per share (the "Common Stock"), at a price of \$5.00 per share (any of the underlying shares of Common Stock to be issued upon exercise of the Option are referred to hereinafter as the "Shares"), subject to the following terms and conditions:

1. The Option may be exercised on or prior to December 31, 2006 (at which date the Option will, to the extent not previously exercised, expire), as follows: (a) as to 16,666 of the Shares, on and after the date hereof; (b) as to 16,666 of the Shares, on and after January 1, 1998; (c) as to 16,667 of the Shares, on and after January 1, 1999; (d) as to 16,667 of the Shares, on and after January 1, 2000; (e) as to 16,667 of the Shares, on and after January 1, 2001; and (f) as to the final 16,667 of the Shares, on and after January 1, 2002. Each such installment shall be cumulative and your right of purchase thereunder shall continue, unless exercised or terminated as herein provided, through the expiration date of the Option.

2. Any installment of the Option, from and after the date it becomes exercisable pursuant to Section 1 hereof, may be exercised in whole or in part by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, specifying the number of the Shares to be purchased, together with payment of the purchase price of the Shares to be purchased. The purchase price is to be paid in cash or by delivering shares of Common Stock already owned by you and having a fair market value on the date of exercise equal to the exercise price of the Option, or a combination of such shares and cash.

3. Except to the extent provided in Section 4 hereof, in the event your employment with the Company is terminated for any reason, the Option shall forthwith terminate, provided that you may exercise any then unexercised installments of the Option then exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

Mr. Marc N. Bell
January 1, 1997
Page 2

4. In the event of the occurrence of any Change of Control of the Company or of New Valley Corporation (as the term "Change of Control" is defined in Section 6(f) of the Employment Agreement, dated as of January 1, 1995, as amended as of January 1, 1996, between Howard M. Lorber and New Valley Corporation), other than any Change of Control arising by reason of a testamentary bequest by Bennett S. LeBow to or for the benefit of his surviving spouse of any or all securities of the Company or of New Valley Corporation beneficially owned by him as of his date of death so long as, following the bequest, the event referenced in Section 6(f)(ii) of such Employment Agreement shall not have occurred, all installments of the Option (to the extent not previously exercised) shall become immediately exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

5. The Option is not transferable otherwise than by will or by the applicable laws of descent and distribution and may be exercised during your lifetime only by you (or in the event of your Disability, by your personal representative or representatives).

6. In the event of your death, the Option may be exercised by your personal representative or representatives or by the person or persons to whom your rights under the Option shall pass by will or by the applicable laws of descent or distribution.

7. In the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, merger, consolidation, split-up, subdivision, combination or exchange of shares, or the like, the aggregate number and kind of shares subject to the Option and the exercise price thereof shall be proportionately adjusted by the Company.

8. Unless at the time of the exercise of the Option a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon any exercise of the Option, in whole or in part, you agree to execute and deliver to the Company a certificate to such effect.

9. You understand and acknowledge that, under existing law, unless at the time of the exercise of the Option a registration statement under the Act is in effect as to the Shares so issuable: (i) any Shares purchased by you upon exercise of the Option may be required to be held indefinitely unless such Shares are subsequently registered under the Act or an exemption from such registration is available; (ii) any sales of such Shares made in reliance upon Rule 144 promulgated under the Act may be made only in accordance with the terms and conditions of that Rule (which, under certain circumstances, restrict the number of shares which may be sold and the manner in which shares may be sold); (iii) in the case of securities to which Rule 144 is not

Mr. Marc N. Bell
January 1, 1997
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applicable, compliance with Regulation A promulgated under the Act or some other disclosure exemption shall be required; (iv) certificates for Shares to be issued to you hereunder shall bear a legend to the effect that the Shares have not been registered under the Act and that the Shares may not be sold, hypothecated or otherwise transferred in the absence of an effective registration statement under the Act relating thereto or an opinion of counsel satisfactory to the Company that such registration is not required; and (v) the Company shall place an appropriate "stop transfer" order with its transfer agent with respect to such Shares.

10. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8, Form S-3 or other applicable form to register under the Act the Shares issuable to you upon exercise of the Option and the resale thereof by you.

Mr. Marc N. Bell
January 1, 1997
Page 4

Would you kindly evidence your acceptance of the Option and your agreement to comply with the provisions hereof by executing this letter in the space provided below.

Very truly yours,

BROOKE GROUP LTD.

By: /s/ Bennett S. LeBow

Bennett S. LeBow
Chairman, President
and Chief Executive Officer

AGREED TO AND ACCEPTED:

/s/ Marc N. Bell

Marc N. Bell

EXHIBIT A

Brooke Group Ltd.
100 S. E. Second Street, 32nd Floor
Miami, Florida 33131

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of Common Stock, \$.10 par value (the "Shares"), of Brooke Group Ltd., at a price of \$5.00 per Share, pursuant to the provisions of the stock option granted to me on January 1, 1997. Enclosed in payment for the Shares is:

[] my check in the amount of \$ _____.

[] _____ Shares having a total value of \$ _____, such value being based on the closing price(s) of the Shares on the date hereof.

The following information is supplied for use in issuing an registering the Shares purchased hereby:

Number of Certificates and Denominations _____

Name _____

Address _____

Social Security _____

Dated:

Very truly yours,

Marc N. Bell

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

January 1, 1997

Mr. James B. Kirkland, III
1666 West Avenue, Apt. 405
Miami Beach, Florida 33139

Dear Mr. Kirkland:

We are pleased to inform you that Brooke Group Ltd. (the "Company") has granted you a nonqualified option (the "Option") to purchase 62,000 shares of the Company's common stock, par value \$.10 per share (the "Common Stock"), at a price of \$5.00 per share (any of the underlying shares of Common Stock to be issued upon exercise of the Option are referred to hereinafter as the "Shares"), subject to the following terms and conditions:

1. The Option may be exercised on or prior to December 31, 2006 (at which date the Option will, to the extent not previously exercised, expire), as follows: (a) as to 10,333 of the Shares, on and after January 1, 1998; (b) as to 10,333 of the Shares, on and after January 1, 1999; (c) as to 10,333 of the Shares, on and after January 1, 2000; (d) as to 10,333 of the Shares, on and after January 1, 2001; (e) as to 10,334 of the Shares, on and after January 1, 2002; and (f) as to the final 10,334 of the Shares, on and after January 1, 2003. Each such installment shall be cumulative and your right of purchase thereunder shall continue, unless exercised or terminated as herein provided, through the expiration date of the Option.

2. Any installment of the Option, from and after the date it becomes exercisable pursuant to Section 1 hereof, may be exercised in whole or in part by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, specifying the number of the Shares to be purchased, together with payment of the purchase price of the Shares to be purchased. The purchase price is to be paid in cash or by delivering shares of Common Stock already owned by you and having a fair market value on the date of exercise equal to the exercise price of the Option, or a combination of such shares and cash.

3. Except to the extent provided in Section 4 hereof, in the event your employment with the Company is terminated for any reason, the Option shall forthwith terminate, provided that you may exercise any then unexercised installments of the Option then exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

Mr. James B. Kirkland, III
January 1, 1997
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4. In the event of the occurrence of any Change of Control of the Company or of New Valley Corporation (as the term "Change of Control" is defined in Section 6(f) of the Employment Agreement, dated as of January 1, 1995, as amended as of January 1, 1996, between Howard M. Lorber and New Valley Corporation), other than any Change of Control arising by reason of a testamentary bequest by Bennett S. LeBow to or for the benefit of his surviving spouse of any or all securities of the Company or of New Valley Corporation beneficially owned by him as of his date of death so long as, following the bequest, the event referenced in Section 6(f)(ii) of such Employment Agreement shall not have occurred, all installments of the Option (to the extent not previously exercised) shall become immediately exercisable at any time prior to the earlier of three months after the termination of your employment or the expiration of the Option.

5. The Option is not transferable otherwise than by will or by the applicable laws of descent and distribution and may be exercised during your lifetime only by you (or in the event of your Disability, by your personal representative or representatives).

6. In the event of your death, the Option may be exercised by your personal representative or representatives or by the person or persons to whom your rights under the Option shall pass by will or by the applicable laws of descent or distribution.

7. In the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, merger, consolidation, split-up, subdivision, combination or exchange of shares, or the like, the aggregate number and kind of shares subject to the Option and the exercise price thereof shall be proportionately adjusted by the Company.

8. Unless at the time of the exercise of the Option a registration statement under the Securities Act of 1933, as amended (the "Act"), is in effect as to the Shares, the Shares shall be acquired for investment and not for sale or distribution, and if the Company so requests, upon any exercise of the Option, in whole or in part, you agree to execute and deliver to the Company a certificate to such effect.

9. You understand and acknowledge that, under existing law, unless at the time of the exercise of the Option a registration statement under the Act is in effect as to the Shares so issuable: (i) any Shares purchased by you upon exercise of the Option may be required to be held indefinitely unless such Shares are subsequently registered under the Act or an exemption from such registration is available; (ii) any sales of such Shares made in reliance upon Rule 144 promulgated under the Act may be made only in accordance with the terms and conditions of that Rule (which, under certain circumstances, restrict the number of shares which may be sold and the manner in which shares may be sold); (iii) in the case of securities to which Rule 144 is not

Mr. James B. Kirkland, III
January 1, 1997
Page 3

applicable, compliance with Regulation A promulgated under the Act or some other disclosure exemption shall be required; (iv) certificates for Shares to be issued to you hereunder shall bear a legend to the effect that the Shares have not been registered under the Act and that the Shares may not be sold, hypothecated or otherwise transferred in the absence of an effective registration statement under the Act relating thereto or an opinion of counsel satisfactory to the Company that such registration is not required; and (v) the Company shall place an appropriate "stop transfer" order with its transfer agent with respect to such Shares.

10. Promptly following the date hereof, the Company shall use its best efforts to file and keep in effect a Registration Statement on Form S-8, Form S-3 or other applicable form to register under the Act the Shares issuable to you upon exercise of the Option and the resale thereof by you.

Mr. James B. Kirkland, III
January 1, 1997
Page 4

Would you kindly evidence your acceptance of the Option and your agreement to comply with the provisions hereof by executing this letter in the space provided below.

Very truly yours,

BROOKE GROUP LTD.

By: /s/ Bennett S. LeBow

Bennett S. LeBow
Chairman, President
and Chief Executive Officer

AGREED TO AND ACCEPTED:

/s/ James B. Kirkland, III

James B. Kirkland, III

EXHIBIT A

Brooke Group Ltd.
100 S. E. Second Street, 32nd Floor
Miami, Florida 33131

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of Common Stock, \$.10 par value (the "Shares"), of Brooke Group Ltd., at a price of \$5.00 per Share, pursuant to the provisions of the stock option granted to me on January 1, 1997. Enclosed in payment for the Shares is:

[] my check in the amount of \$ _____.

[] _____ Shares having a total value of \$ _____, such value being based on the closing price(s) of the Shares on the date hereof.

The following information is supplied for use in issuing an registering the Shares purchased hereby:

Number of Certificates and Denominations _____

Name _____

Address _____

Social Security _____

Dated:

Very truly yours,

James B. Kirkland, III

March 31, 1997

Brooke Group Ltd.
100 S.E. Second Street, 32nd Floor
Miami, Florida 33131

RE: OFFERING OF SHARES PURSUANT TO
REGISTRATION STATEMENT ON FORM S-8

Gentlemen:

I have acted as counsel to Brooke Group Ltd., a Delaware corporation (the "Company"), in connection with the preparation and filing with the Securities and Exchange Commission under the Securities Act of 1933, as amended, of a Registration Statement on Form S-8 (the "Registration Statement") relating to the registration by the Company of 1,422,000 shares of the Company's Common Stock, \$.10 par value per share (the "Shares"), issuable from time to time upon the exercise of stock options (the "Options") granted to key employees and a consultant of the Company.

In so acting, I have examined originals, or copies certified or otherwise identified to my satisfaction, of (a) the Restated Certificate of Incorporation, as amended, and Amended and Restated By-Laws of the Company as currently in effect, (b) the Registration Statement, (c) the Stock Option Agreements pursuant to which the Options were granted, which agreements are included as exhibits to the Registration Statement, (d) certain resolutions adopted by the Board of Directors of the Company, and (e) such other documents, records, certificates and other instruments of the Company as in my judgment are necessary or appropriate for purposes of this opinion.

Based on the foregoing, I am of the following opinion:

1. The Company is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware.

Brooke Group Ltd.
March 31, 1997
Page 2

2. The Shares have been duly authorized by the Company and, when issued and paid for as contemplated by the Registration Statement, will be duly and validly issued and will be fully paid and non-assessable.

I hereby consent to the filing of this opinion as exhibit 5.1 to the Registration Statement.

Very truly yours,

/s/ Andrew E. Balog

Andrew E. Balog
Associate General Counsel

AEB/smg

Enclosure

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statement of Brooke Group Ltd. on Form S-8 of: (i) our report, dated March 27, 1997, on our audits of the consolidated financial statements and financial statement schedule of Brooke Group Ltd. and Subsidiaries as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995, and 1994, and (ii) of our report, dated March 24, 1997, on our audit of the consolidated financial statements of New Valley Corporation and Subsidiaries as of December 31, 1996 and December 31, 1995, and for the years ended December 31, 1996 and December 31, 1995, which reports are included in the Annual Report on Form 10-K of Brooke Group Ltd. for the year ended December 31, 1996.

Coopers & Lybrand L.L.P.

Miami, Florida
March 27, 1997

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated March 24, 1995, relating to the financial statements of New Valley Corporation and its subsidiaries, which appears on page F-52 of the Brooke Group Ltd. Annual Report on Form 10-K for the year ended December 31, 1996.

Price Waterhouse LLP

Morristown, New Jersey
March 24, 1997

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Brooke Group Ltd.

We consent to the incorporation by reference of our report dated March 9, 1995 in the registration statement on Form S-8 of Brooke Group Ltd., relating to the consolidated statements of operations, stockholders' deficiency and cash flows of MAI Systems Corporation for the year ended December 31, 1994 and related schedule, which report appears in the December 31, 1996 annual report on Form 10-K of Brooke Group Ltd.

KPMG Peat Marwick LLP

Orange County, California
March 27, 1997

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors
Brooke Group Ltd.

We consent to the incorporation by reference of our report dated February 11, 1997 in the registration statement on Form S-8 of Brooke Group Ltd., relating to the consolidated balance sheets of Thinking Machines Corporation and subsidiaries as of December 31, 1996 and the related consolidated statements of operations, stockholders' investment and cash flows for the year then ended, which report appears in the December 31, 1996 annual report on Form 10-K of New Valley Corporation.

Arthur Anderson LLP

Boston, Massachusetts
March 27, 1997