

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 5)*

BROOKE GROUP LTD.

(Name of Issuer)

COMMON STOCK, \$.10 PAR VALUE

(TITLE OF CLASS OF SECURITIES)

112525-10-0

(CUSIP NUMBER)

MARC N. BELL
VICE PRESIDENT AND GENERAL COUNSEL
BROOKE GROUP LTD.
100 S.E. SECOND STREET, 32ND FLOOR
MIAMI, FL 33131 (305) 579-8000
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS)

NOT APPLICABLE

(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 that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box []

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-7 for other parties to whom copies are to be sent.

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

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

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

2 Check the Appropriate Box if a Member of a Group*
 (a) 2
 (b) 3

3 SEC Use Only

4 Source of Funds*

5 Check Box if Disclosure of Legal Proceedings
 is Required Pursuant to Items 2(d) or 2(e)
 5

6 Citizenship or Place of Organization
 United States

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Number of	7	Sole Voting Power	8,473,008
Shares	8	Shared Voting Power	547,000
Beneficially Owned by Each	9	Sole Dispositive Power	8,473,008
Reporting Person	10	Shared Dispositive Power	547,000

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11 Aggregate Amount Beneficially Owned by Each Reporting Person
 9,020,008

12 Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*
 7

13 Percent of Class Represented by Amount in Row (11)
 43.07%

14 Type of Reporting Person*
 IN

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*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.

PRELIMINARY STATEMENT:

This Amendment No. 5 amends the Schedule 13D filed by Bennett S. LeBow (the "Reporting Person") with the Securities and Exchange Commission on February 21, 1995, as previously amended by Amendments No. 1-4 thereto (as amended, the "Schedule 13D"), relating to the common stock, \$.10 par value per share (the "Common Stock"), of Brooke Group Ltd. ("BGL"). Unless otherwise defined herein, all terms used herein shall have the meanings ascribed to them in the Schedule 13D.

Item 5 is hereby amended as follows:

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

- (a) As of October 15, 1998, the Reporting Person was the indirect beneficial owner of, in the aggregate, 9,020,008 shares of Common Stock (the "Shares"), which constituted approximately 43.07% of the 20,943,730 shares of Common Stock outstanding as of September 14, 1998 (as reported in BGL's Proxy Statement dated September 15, 1998).
- (b) The Reporting Person indirectly exercises sole voting power and sole dispositive power over 8,473,008 shares of Common Stock through LeBow Limited Partnership, a Delaware limited partnership ("LLP"). LeBow Holdings, Inc., a Nevada corporation ("LHI"), is the general partner of LLP. The Reporting Person is a director, officer and sole shareholder of LHI. The Bennett and Geraldine LeBow Foundation, Inc., a Florida not-for-profit corporation (the "Foundation"), of which the Reporting Person and family members serve as directors and executive officers, owns 547,000 shares of the Common Stock. The Reporting Person possesses shared voting power and shared dispositive power with the other directors of the Foundation with respect to the Foundation's shares of Common Stock. The Foundation's principal business and office address is 1221 Brickell Avenue, 21st Floor, Miami, Florida 33131.
- (c) On September 15, 1998, LLP donated 160,000 shares of Common Stock to the LeBow Family Irrevocable Trust, a trust established for the benefit of certain members of the Reporting Person's family. The Reporting Person does not possess voting power or dispositive power with respect to the trust's shares.

Item 6 is hereby amended as follows:

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

- (a) As of October 15, 1998, 8,031,800 shares of Common Stock are pledged by LLP to U.S. Clearing Corp. to secure a margin loan to the Reporting Person in the amount of approximately \$2,150,000.
- (b) On July 20, 1998, the Company granted a non-qualified stock option to the Reporting Person pursuant to the Brooke Group Ltd. 1998 Long-Term Incentive Plan (the "Plan"). The grant of the option to the Reporting Person was conditioned upon the approval of the Plan by the Company's stockholders, which approval was granted at the Company's annual meeting on October 15, 1998. Under the option, the Reporting Person has the right to purchase 2,500,000 shares of Common Stock at an exercise price of \$9.75 per share (the fair market value of a share of Common Stock on the date of grant). The option has a ten-year term and becomes exercisable as to one-fourth of the aggregate shares covered thereby on each of the first four anniversaries of the date of grant. However, any then unexercisable portion of the option will immediately vest and become exercisable upon (i) the occurrence of a "Change in Control" or (ii) the termination of the Reporting Person's employment with the Company due to death or disability. Upon the termination of the Reporting Person's employment for any reason, any then unexercisable portion of the option will be forfeited and cancelled by the

Company. The Reporting Person's right to exercise any then exercisable portion of the option will terminate nine months after the date of termination (but not beyond the stated term of the option). If the Reporting Person dies or becomes disabled, he (or his estate or other legal

representative), to the extent the option is exercisable immediately prior to the date of his death or disability, will be entitled to exercise the option for a one-year period following the date of his death or disability (but not beyond the stated term of the option).

Item 7 is hereby amended as follows:

Item 7. MATERIAL TO BE USED AS EXHIBITS

Exhibit 5: Brooke Group Ltd. 1998 Long-Term Incentive Plan (incorporated by reference to the Appendix to BGL's Proxy Statement dated September 15, 1998, Commission File No. 1-5759).

Exhibit 6: Stock Option Agreement, dated July 20, 1998, between BGL and the Reporting Person.

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: October 16, 1998

/s/ Bennett S. LeBow

Bennett S. LeBow

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

July 20, 1998

Mr. Bennett S. LeBow
5203 Fisher Island Drive
Fisher Island, Florida 33109

Dear Mr. LeBow:

We are pleased to inform you that Brooke Group Ltd. (the "Company") has granted you a nonqualified option (the "Option") to purchase 2,500,000 shares of the Company's common stock, par value \$.10 per share (the "Common Stock"), at a purchase price of \$9.75 per share, subject to adjustment (any of the underlying shares of Common Stock to be issued upon exercise of the Option are referred to hereinafter as the "Shares"), pursuant to the Company's 1998 Long-Term Incentive Plan, as may be and is in effect and as amended from time to time (the "Plan"). This agreement is conditioned upon the approval of the Plan by the Company's stockholders and is subject in all respects to the terms and provisions of the Plan, all of which terms and provisions are made a part of and incorporated in this agreement as if they were each expressly set forth herein. In the event of any conflict between the terms of this agreement and the terms of the Plan, the terms of the Plan shall control.

1. The Option may be exercised on or prior to the tenth anniversary of the date of grant (after which date the Option will, to the extent not previously exercised, expire), provided the Option shall only vest and become exercisable as to one-fourth of the aggregate shares covered thereby on each of the first four anniversaries of the date of this agreement. However, any then unexercisable portion of the Option shall immediately vest and become exercisable upon (i) the occurrence of a "Change in Control" as defined in Section 6(f) of the Employment Agreement dated as of June 1, 1995, as amended as of January 1, 1996, by and between you and New Valley Corporation, regardless of whether the Employment Agreement is then in effect (the "Employment Agreement"), or (ii) the termination of your employment with the Company due to death or Disability (as defined in Section 2.8 of the Plan).

2. The Option, from and after the date it vests and 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 and the purchase price therefor, 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 for at least six months and having a fair market value on the date of exercise equal to the purchase price of the Option being exercised, or a combination of such shares and cash.

In addition, payment of the purchase price of the Shares to be purchased may also be made by delivering a properly executed notice to the Company, together with a copy of the irrevocable instructions to a broker to deliver promptly to the Company the amount of sale or loan proceeds necessary to pay the purchase price, and, if required, the amount of any federal, state or local withholding taxes.

No Shares shall be issued until full payment therefor has been made. You shall have all of the rights of a stockholder of the Company holding the Common Stock that is subject to the Option (including, if applicable, the right to vote the Shares and the right to receive dividends thereon), when you have given written notice of exercise, have paid in full for such Shares and, if requested, have given the certificate described in Section 9 hereof.

3. 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 portion of the Option then vested and exercisable pursuant to Section 1 hereof at any time prior to the earlier of nine months after the termination of your employment (one year in the event of death or Disability), or the expiration of the Option.

4. The Option is not transferable except (i) by will or the applicable laws of descent and distribution, (ii) as a gift to a foundation, charity or other not-for-profit organization, or (iii) for transfers to your family members or trusts or other entities whose beneficiaries are your family members, provided that such transfer is being made for estate, tax and/or personal planning purposes.

5. In the event of your death or Disability, 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 and distribution, within the one year period following termination due to death or Disability.

6. In the event of any change in capitalization affecting the Common Stock of the Company, including, without limitation, a stock dividend or other distribution, stock split, reverse stock split, recapitalization, consolidation, subdivision, split-up, spin-off, split-off, combination or exchange of shares or other form of reorganization or recapitalization, or any other change affecting the Common Stock, the aggregate number of shares of Common Stock

covered by the Option and the exercise price per share of Common Stock subject to the Option shall be proportionately adjusted by the Company.

7. The grant of the Option does not confer on you any right to continue in the employ of the Company or any of its subsidiaries or affiliates or interfere in any way with the right of the Company or its subsidiaries or affiliates to terminate the term of your employment.

8. The Company shall require as a condition to the exercise of any portion of the Option that you pay to the Company, or make other arrangements regarding the payment of, any federal state or local taxes required by law to be withheld as a result of such exercise.

9. Unless at the time of the exercise of any portion 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 reasonable certificate to such effect.

10. You understand and acknowledge that: (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) 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 (iv) the Company shall place an appropriate "stop transfer" order with its transfer agent with respect to such Shares.

11. The Company represents and warrants to you as follows: (i) this agreement and the grant of the Option hereunder have been authorized by all necessary corporate action by the Company and this letter agreement is a valid and binding agreement of the Company enforceable against the Company in accordance with its terms; (ii) the grant of the Option to you on the terms set forth herein will be exempt from the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, pursuant to Rule 16b-3(d) thereunder; (iii) the Company will obtain, at its expense, any regulatory approvals necessary or advisable in connection with the grant of the Option or the issuance of the Shares; and (iv) the Company currently has reserved and available, and will continue to have reserved and available during the term of the Option, sufficient authorized and issued shares of its Common Stock for issuance upon exercise of the Option.

12. 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.

13. This letter agreement contains all the understandings between the Company and you pertaining to the matters referred to herein, and supercedes all undertakings and agreements, whether oral or in writing, previously entered into by the Company and you with respect hereto. No provision of this letter agreement may be amended or waived unless such amendment or waiver is agreed to in writing signed by you and a duly authorized officer of the Company. No waiver by the Company or you of any breach by the other party hereto of any condition or provision of this letter agreement to be performed by such other party shall be deemed a waiver of a similar or dissimilar condition or provision at the same time, any prior time or any subsequent time. If any provision of this letter agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this letter agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be validated and shall be enforced to the fullest extent permitted by law. This letter agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflicts of laws principles. This letter agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

Very truly yours,

BROOKE GROUP LTD.

By: /s/ Richard J. Lampen

Richard J. Lampen
Executive Vice President

AGREED TO AND ACCEPTED:

/s/ Bennett S. LeBow

Bennett S. LeBow

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 \$9.75 per Share, pursuant to the provisions of the stock option granted to me on July 20, 1998. 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 and registering the Shares purchased hereby:

Number of Certificates and Denominations	-----
Name	-----
Address	-----

Social Security No.	-----

Dated:

Very truly yours,

Bennett S. LeBow