SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) February 8, 2001

GBI CAPITAL MANAGEMENT CORP.

(Exact Name of Registrant as Specified in Charter)

Florida	1-15799	65-0701248
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1055 Stewart Avenue, Bethpage, New York	11714
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (516) 470-1000

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Items 1 and 2. Changes in Control of Registrant and Acquisition or Disposition of Assets

On February 8, 2001, GBI Capital Management Corp. ("Company") entered into a Stock Purchase Agreement ("Purchase Agreement") with New Valley Corporation ("New Valley"), Ladenburg, Thalmann Group Inc., a Delaware

corporation and wholly-owned subsidiary of New Valley ("LTGI"), Berliner Effektengesellschaft AG, a German corporation ("Berliner") and Ladenburg, Thalmann & Co. Inc. ("Ladenburg"), the common stock of which is owned 80.1% by LTGI and 19.9% by Berliner, and an officer of the Company entered into a stock purchase agreement with LTGI. As a result of the transactions contemplated thereby, upon closing, (i) New Valley will acquire ownership of approximately 50.1% of the common stock of the Company to be outstanding upon the closing of the transactions contemplated by such agreements and (ii) Ladenburg will become a wholly-owned subsidiary of the Company. These agreements are summarized below. The summary is qualified in its entirety by reference to these agreements, as well as other agreements entered into in connection therewith, copies or forms of which are included in the exhibits to this report.

Under the terms of the Purchase Agreement, the Company will purchase all of the common stock of Ladenburg ("Ladenburg Stock"). As consideration for the Ladenburg Stock, the Company will issue to LTGI and Berliner (together, the "Sellers") an aggregate of:

- 18,181,818 million shares of the Company's common stock ("GBI Stock");
- $10 million principal amount of the Company's senior convertible notes ("Notes"), the payment of which will be secured by the Ladenburg Stock; and
- $10 million cash, which the Company intends to fund from the proceeds of a loan ("Loan") to the Company from Frost-Nevada, Limited Partnership, a Nevada limited partnership ("Lender"), as described below under "Terms of the Frost-Nevada Loan." Of the $10 million cash, $500,000 will be placed in escrow pursuant to an Escrow Agreement between the Company, Berliner and Continental Stock Transfer & Trust Company, as escrow agent.

All payments shall be made in the proportion of 80.1% to LTGI and 19.9% to Berliner. Additionally, in the event that, on the closing date of the Purchase Agreement ("Closing Date"), the net worth of Ladenburg and its subsidiaries on a consolidated basis ("Closing Net Worth") is less than $28.6 million, New Valley and Berliner will contribute to Ladenburg an amount in cash equal to the difference between the Closing Net Worth and $28.6 million. In the event that the Closing Net Worth is greater than $30.6 million, the Company shall pay to the Sellers, in cash, the difference between the Closing Net Worth and $30.6 million.

Concurrently with execution of the Purchase Agreement, Joseph Berland ("Berland"), the Company's Chairman of the Board and Chief Executive Officer, entered into a stock purchase agreement with LTGI, pursuant to which he will sell, on the Closing Date, all of the 3,945,060 million shares of GBI Stock he currently owns to LTGI for $3,945,060 in cash, or $1.00 per share.

In addition, certain officers of the Company have entered into individual stock sale agreements, pursuant to which they have agreed to sell, on the Closing Date, an aggregate of 550,000 shares of GBI Stock currently owned by them to the Lender at $1.00 per share as follows:

- Richard J. Rosenstock ("Rosenstock"), the Company's President and Chief Operating Officer, has agreed to sell up to 255,814 shares of GBI Stock;
- Vincent Mangone ("Mangone"), the Company's Executive Vice President, has agreed to sell up to 98,062 shares of GBI Stock;

- Mark Zeitchick ("Zeitchick"), the Company's Executive Vice President, has agreed to sell up to 98,062 shares of GBI Stock; and

- David Thalheim ("Thalheim" and together with Berland, Rosenstock, Mangone and Zeitchick, collectively, the "Principals"), the Company's Administrator, has agreed to sell up to 98,062 shares of GBI Stock.

In connection with these sales, the Company waived certain lock-up agreements between the Company and the Principals pursuant to which the Principals had agreed that they would not, without the prior written consent of the Company's Board of Directors, sell, transfer or otherwise dispose of any of their GBI Stock prior to August 2001. As a result of its purchase of such stock and the convertible note it will be issued in making the Loan (as described below), the Lender will beneficially own approximately 14.9% of the Company's common stock to be outstanding on the Closing Date.

The foregoing transactions are expected to be consummated in the second quarter of 2001 after the satisfaction of certain closing conditions described below under "Conditions to Closing," including approval of the transactions by the shareholders of the Company.

Exclusivity

Under the terms of the Purchase Agreement, the Company and its subsidiaries and affiliates cannot, except in limited circumstances, discuss with third parties other offers to acquire or merge with the Company. Specifically, the Purchase Agreement prohibits the Company and all such persons from doing anything to initiate, solicit or engage, directly or indirectly, any inquiries or the making or implementation of any proposal or offer (including, without limitation, any proposal or offer to the Company's shareholders) with respect to a merger, consolidation, or other business combination involving the Company or any of its subsidiaries, or any acquisition or similar transaction, including, without limitation, any tender offer or exchange offer, involving the purchase of all or any significant portion of the assets of the Company and its subsidiaries taken as a whole or 20% or more of the Company's outstanding common stock or the issuance of the Company's common stock which would constitute, after issuance, 20% or more of the Company's then outstanding common stock (each an "Alternative Transaction") or engage in any negotiations concerning, or provide any confidential information or data to or have any discussions with any person relating to, or otherwise facilitate any effort or attempt to make or implement, an Alternative Transaction.

If the Company receives an unsolicited written proposal for any Alternative Transaction from a third party, the Company will be entitled to communicate with such third party and give such third party any information about the Company if, and only to the extent that, (A) the Company's Board of Directors concludes in good faith that such proposal is likely to result in a superior transaction to the Purchase Agreement, (B) the Company's Board of Directors, based upon the advice of outside counsel, determines in good faith that such action is required for the Board of Directors to comply with its fiduciary duties to the Company's shareholders imposed by law, (C) the Company shall have entered into a confidentiality agreement in customary form and having terms and conditions no less favorable than the one entered into in connection with the Purchase Agreement, (D) prior to furnishing such information to, or entering into discussions or negotiations with, such person, the Company

provides written notice to the Sellers to the effect that it is furnishing information to, or entering into discussions or negotiations with, such person, which notice shall identify such person and the proposed terms of the Alternative Transaction in reasonable detail, and (E) the Company keeps the Sellers informed of the status and all material information with respect to any such discussions or negotiations.

Termination

The Purchase Agreement may be terminated only under limited circumstances, including:

(i) by mutual written consent of the Company and the Sellers;

(ii) by the Company or New Valley if any competent regulatory authority shall have issued an order making illegal or otherwise restricting, preventing, prohibiting or refusing to approve the transactions contemplated by the Purchase Agreement, and such order shall have become final and non-appealable;

(iii) by the Company or New Valley if the closing of the Purchase Agreement has not occurred by September 30, 2001 for any reason other than by breach by the party seeking to terminate unless the parties have agreed to an extension in writing;

(iv) by New Valley if the Company's Board of Directors (or any committee thereof) shall have (a) failed to recommend or withdrawn or modified in a manner adverse to the Sellers its approval or recommendation of the Purchase Agreement and any of the transactions contemplated thereby, (b) recommended or taken no position with respect to a proposal for an Alternative Transaction or (c) following the public announcement of a proposal for an Alternative Transaction, failed to reconfirm its recommendation of the Purchase Agreement and any of the transactions contemplated thereby within five business days following a written request for such reconfirmation by New Valley; and

(v) by the Company if its Board of Directors shall have determined in good faith, based upon advice of outside legal counsel, that failure to terminate the Purchase Agreement is reasonably likely to result in the Board breaching its fiduciary duties to the Company's shareholders under applicable law by reason of the pendency of an unsolicited, bona fide written proposal for a superior transaction, but only if the Company and its subsidiaries and other representatives shall have complied with their obligations under the termination provisions of the Purchase Agreement. The Company may not terminate the Purchase Agreement under this clause (v), however, unless (a) 48 hours shall have elapsed after delivery to New Valley of a written notice of such determination by the Company's Board of Directors and (b) the Company shall have paid to New Valley the termination fee described below.

If:

- New Valley terminates the Purchase Agreement pursuant to clause (iv) above or the Company terminates the Purchase

Agreement pursuant to clause (v) above; or

- either New Valley or the Company terminates the Purchase Agreement pursuant to clause (iii) above following the public announcement of a proposal for an Alternative Transaction by any person, and, within one year after such termination, the Company has entered into a binding agreement providing for the consummation of, or shall have consummated, an Alternative Transaction,

the Company will be required to pay the Sellers a $1.75 million termination fee and such further amount as to reimburse the Sellers for its out-of-pocket expenses incurred in connection with the Purchase Agreement.

Closing Conditions

The Purchase Agreement is subject to a number of conditions, including the requirement that the sale and certain ancillary matters be approved by the Company's shareholders, that Ladenburg have cash held at banks, marketable securities and net cash balances in proprietary accounts at clearing brokers in an amount not less than $18,000,000 and that all necessary regulatory approvals are obtained, including the approval of the New York Stock Exchange, the American Stock Exchange, NASD Regulation, Inc. and the Department of Justice and the Federal Trade Commission.

Terms of the Convertible Notes

The Notes to be issued to the Sellers will bear interest at a rate of 7-1/2% per annum, payable quarterly, and will be secured by a pledge of the Ladenburg Stock pursuant to a pledge and security agreement ("Pledge Agreement") between the Sellers, the Lender and The U.S. Bank Trust National Association. Principal on the Notes will be payable on December 31, 2005, subject to the conversion and change of control provisions described below and other customary acceleration and default provisions contained in the Notes.

Conversion

The principal and accrued interest on the Notes will be convertible, in whole or in part, at any time, at the election of the holder, into that number of shares of common stock determined by dividing the principal and interest to be converted by the conversion price. The "conversion price" will be initially set at $2.60, subject to "structural" anti-dilution adjustment for stock splits, dividends and similar events.

In addition, if, during any period of twenty (20) consecutive trading days, the closing sale price of the Company's common stock is at least $8.00, the principal and all accrued interest on the notes shall be automatically converted into shares of common stock at the conversion price then in effect.

Change of Control

In the event of a change of control as defined in the Notes ("Change of Control"), the Company shall commence an offer to purchase all of the outstanding Notes at a purchase price equal to the unpaid principal amount of the Notes and the accrued interest thereon.

Terms of the Frost-Nevada Loan

Concurrently with the signing of the Purchase Agreement, the Company entered into a loan agreement with the Lender ("Loan Agreement") pursuant to which the Lender committed to lend the Company $10 million to pay the cash

portion of the purchase price for the Ladenburg Stock. The Loan is to be evidenced by a senior convertible promissory note ("Frost-Nevada Note") which ranks pari passu in all respects to the Notes issued to the Sellers. The Frost-Nevada Note bears interest at a rate of 8-1/2% per annum, payable quarterly, and is due on December 31, 2005. The Frost-Nevada Note has the same conversion and Change of Control features as the Notes issued to the Sellers, except that the conversion price of the Frost-Nevada Note will initially be $2.00. The Frost-Nevada Note is also secured by a pledge of the Ladenburg Stock pursuant to the Pledge Agreement.

Shareholders' Meeting

To obtain shareholder approval, the Company will file a proxy statement with the Securities and Exchange Commission ("SEC") and hold a special meeting at which the shareholders will be asked to approve the sale and the issuances of the common stock and Notes to the Sellers. Pursuant to the Purchase Agreement, the Company is also obligated to include a number of additional items for the Company's shareholders to consider including the election of new directors

designated by the Sellers and a change of the Company's name to "Ladenburg Thalmann Financial Services, Inc." The Sellers have designated Howard M. Lorber, Victor M. Rivas, Bennett S. LeBow, Phillip Frost and two additional independent directors for nomination to the Company's Board of Directors.

Fairness Opinion

Roth Capital Partners, financial advisor to the Company's board of directors in connection with the Purchase Agreement, has delivered its opinion to the Company's board of directors that, based on the various considerations set forth in its opinion, the consideration the Company will pay in exchange for the Ladenburg Stock is fair from a financial point of view. The Company's Board of Directors relied on Roth Capital Partners' opinion in reaching its decision to approve the Purchase Agreement and the related transactions.

Management and Employment Agreements

Following the consummation of the Purchase Agreement, Ladenburg and GBI Capital Partners, Inc. ("GBI"), the Company's wholly-owned subsidiary, will operate as two separate wholly-owned subsidiaries. Upon the Closing Date:

- Howard M. Lorber, President and Chief Operating Officer of New Valley, will become Chairman of the Company;
- Victor M. Rivas, Chairman and Chief Executive Officer of Ladenburg, will retain his role at Ladenburg and become the Company's new President and Chief Executive Officer. In connection with Mr. Rivas' employment agreement, on the Closing Date, Mr. Rivas will be granted options to purchase 1,000,000 shares of the Company's common stock on such date. The options shall vest in three annual installments commencing on the first anniversary of the Closing Date.
- Berland will resign from his positions with the Company and will become an Executive Vice President of the Company and GBI;
- Rosenstock will remain as GBI's President and will become its Chief Executive Officer and will become the Vice Chairman and Chief Operating Officer of the Company; and

- Mangone, Zeitchick and Thalheim will each retain their current respective positions with the Company and GBI.

In connection with the Purchase Agreement, each of the Principals has entered into an amendment to his existing employment agreement with the Company, each dated August 24, 1999, in order to effectuate the foregoing and make certain changes in their compensation arrangements.

Proxy and Voting Agreement

Concurrently with the signing of the Purchase Agreement, the Company entered into a Proxy and Voting Agreement with New Valley, the Sellers and the Principals. Pursuant to the agreement, the Principals have agreed (i) not to transfer a total of 12,426,939 shares of the Company's common stock owned by them (representing approximately 66% of the Company's outstanding stock) prior to the termination of the Purchase Agreement and (ii) to vote all such shares in favor of the transactions contemplated by the Purchase Agreement and any other matter that may be necessary for the consummation of the Purchase Agreement and the related transactions. Each of the Principals delivered an irrevocable proxy to LTGI to vote such shares in accordance with the agreement. The proxies expire

upon the approval of the Purchase Agreement and the related transactions or upon the earlier termination of the Purchase Agreement in accordance with its provisions. Additionally, the Principals agreed not to initiate, solicit or encourage any Alternative Transaction that may be proposed and to vote against any such Alternative Transaction if such transaction is proposed; provided, however, that the Principals may take any of the actions set forth in the Purchase Agreement necessary to avoid breaching their fiduciary obligations to the Company.

Investor Rights Agreement

Concurrently with the signing of the Purchase Agreement, the Company entered into an Investor Rights Agreement with New Valley, the Sellers, Lender and the Principals.

Registration Statement

The Company is obligated, no later than six months from the date of the closing of the Purchase Agreement, to have declared effective a registration statement under the Securities Act of 1933, as amended ("Act") with the SEC registering for resale (i) the shares of common stock issued or issuable to the Sellers under the Purchase Agreement, (ii) the shares of common stock underlying the Notes and the Frost-Nevada Note and (iii) any additional shares of common stock issued or distributed by reason of a dividend, stock split or other distribution in respect of such shares. Additionally, the Principals have the right to require the Company to include any of their shares on such registration statement.

Tag Along Rights

Subject to certain limitations, in the event that LTGI proposes to sell or otherwise transfer, directly or indirectly, more than 5% of the shares of GBI Stock beneficially owned by LTGI to any entity or person not a party to the agreement, each of the Lender and the Principals may participate in such proposed sale on a pro-rata basis.

Holdback Agreement

In the event of a firm commitment underwriting of the Company's common stock, and upon the request of the managing underwriter, the parties agreed that they will not sell, assign, transfer or pledge any shares of the Company's common stockholders for a period of not more than 180 days from the date the registration statement becomes effective.

Board Nominees

Until such time as the Principals collectively own less than 10% of the Company's common stock, the Principals have the right to nominate three individuals for election to the Company's Board of Directors.

Right of First Refusal

Between the Closing Date and December 31, 2005, if either Berliner or the Lender proposes to sell, transfer or otherwise dispose of any of its Note or shares of common stock underlying the Note, LTGI shall have the right to purchase any or all of such shares proposed to be sold or transferred.

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

(a) Financial Statements of Business Acquired*

(b) Pro Forma Financial Information*

(c) Exhibits

Exhibit Number	Description
4.1	Stock Purchase Agreement, dated February 8, 2001, by and among the Company, New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellshaft AG and Ladenburg, Thalmann & Co. Inc.
4.2	Stock Purchase Agreement, dated as of February 8, 2001, by and between Ladenburg, Thalmann Group Inc., Joseph Berland Revocable Living Trust Dated 4/16/97 and Joseph Berland
4.3	Form of Stock Purchase Agreement, dated as of February 8, 2001, by and between (A) each of (i) The Richard J. Rosenstock Revocable Living Trust Dated 3/5/96, Richard J. Rosenstock, (ii) The Vincent A. Mangone Revocable Living Trust Dated 11/5/96, Vincent A. Mangone, (iii) Mark Zeitchick and (iv) The David Thalheim Revocable Living Trust Dated 3/5/96, David Thalheim and (B) Frost-Nevada, Limited Partnership
4.4	Form of Senior Convertible Promissory Note
4.5	Investor Rights Agreement, dated as of February 8, 2001, among New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Company, Frost- Nevada, Limited Partnership and the Principals
4.6	Proxy and Voting Agreement, dated as of February 8, 2001, among

	New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Company and the individual shareholders listed on Schedule A attached thereto
10.1	Loan Agreement, dated as of February 8, 2001, between the Company and Frost-Nevada, Limited Partnership
10.2	Form of Pledge and Security Agreement, dated as of February 8, 2001, between the Company, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, Frost-Nevada, Limited Partnership and U.S. Bank Trust National Association
10.3	Employment Agreement, dated as of February 8, 2001, between Ladenburg, Thalmann & Co. Inc. and Victor Rivas
10.4	First Amendment to the Employment Agreement, dated August 24, 1999, between GBI Capital Partners, Inc. and Joseph Berland
10.5	First Amendment to the Employment Agreement, dated August 24, 1999, between GBI Capital Partners, Inc. and Richard J. Rosenstock

Exhibit Number	Description
10.6	First Amendment to the Employment Agreement, dated August 24, 1999, between GBI Capital Partners, Inc. and Vincent Mangone
10.7	First Amendment to the Employment Agreement, dated August 24, 1999, between GBI Capital Partners, Inc. and Mark Zeitchick
10.8	First Amendment to the Employment Agreement, dated August 24, 1999, between GBI Capital Partners, Inc. and David Thalheim
10.9	Form of Guarantee Agreement, dated February 8, 2001, between (A) each of (i) Joseph Berland, (ii) Richard J. Rosenstock, (iii) Vincent Mangone, (iv) Mark Zeitchick and (v) David Thalheim and (B) GBI Capital Management Corp.
10.10	Form of Escrow Agreement, dated as of February 8, 2001, between GBI Capital Management Corp., Berliner Effektengesellschaft AG and Continental Stock Transfer & Trust Company
99.1	Press release, dated February 9, 2001

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*Financial statements of the business acquired for the periods specified in Rule 3-05 of Regulation S-X shall be filed by amendment not later than 60 days after the date that the initial report on Form 8-K must be filed.

SIGNATURES

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

Dated: February 21, 2001 GBI Capital Management Corp.

/s/ Richard J. Rosenstock

By: Richard J. Rosenstock
President and Chief Operating Officer

EXHIBIT INDEX

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4.4	Form of Senior Convertible Promissory Note
4.5	Investor Rights Agreement, dated as of February 8, 2001, among New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Company, Frost-Nevada, Limited Partnership and the Principals
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STOCK PURCHASE AGREEMENT

among

GBI CAPITAL MANAGEMENT CORP.,

NEW VALLEY CORPORATION,

LADENBURG, THALMANN GROUP INC.,

BERLINER EFFEKTENGESELLSCHAFT AG,

and

LADENBURG, THALMANN & CO. INC.

Dated February 8, 2001

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EXHIBITS

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT ("Agreement") dated February 8, 2001, among GBI CAPITAL MANAGEMENT CORP., a Florida corporation (the "Purchaser"), NEW VALLEY CORPORATION, a Delaware corporation ("New Valley"), LADENBURG, THALMANN GROUP INC., a Delaware corporation and wholly owned subsidiary of New Valley ("LTGI" and, together with New Valley, the "New Valley Parties"), BERLINER EFFEKTENGESELLSCHAFT AG, a German corporation ("Berliner"), and LADENBURG, THALMANN & CO. INC., a Delaware corporation ("Ladenburg").

WHEREAS, Ladenburg is engaged in the securities business, including investment banking, the institutional and retail sale of securities, securities research and related securities activities;

WHEREAS, LTGI and Berliner are the record and beneficial owners of all of the issued and outstanding shares of the common stock, par value $0.01 per share, of Ladenburg ("Ladenburg Stock"); and

WHEREAS, subject to the terms and conditions of this Agreement, the Parties desire that the Purchaser purchase from LTGI and Berliner all of the Ladenburg Stock;

IT IS AGREED:

ARTICLE I
PURCHASE AND SALE OF LADENBURG STOCK

SECTION 1.1 Definitions. Certain capitalized terms used in this Agreement shall have the meanings specified in Article IX.

SECTION 1.2 Purchase and Sale. Upon the terms and subject to the conditions hereof, at the Closing (as defined in Section 2.1), LTGI and Berliner (collectively, the "Sellers") shall sell, transfer, assign and convey to the Purchaser, and the Purchaser shall purchase from the Sellers, all of the right, title and interest of Sellers in and to the Ladenburg Stock. In addition, at the Closing, New Valley shall cause to be transferred, assigned and conveyed to the Purchaser all of the issued and outstanding shares of common stock (the "LTI Stock") of Ladenburg Thalmann International Ltd. ("LTI") for no consideration in excess of the portion of the Purchase Price to be paid to New Valley pursuant to Section 1.3.

SECTION 1.3 Purchase Price. Subject to adjustment as hereinafter set forth, the purchase price ("Purchase Price") to be paid by the Purchaser to the Sellers for the Ladenburg Stock shall be the following, payable at the Closing:

(a) $10,000,000 to be paid to the Sellers by wire transfer of immediately available United States funds to accounts of the Sellers specified by the Sellers in written notice given to the Purchaser no later than two

Business Days prior to the Closing Date (as defined in Section 2.1); provided that $500,000 of the cash portion of the Purchase Price to be paid to Berliner shall be delivered by the Purchaser by wire transfer of immediately available United States funds to Continental Stock Transfer & Trust Company, as escrow agent (the "Escrow Agent") under an escrow agreement to be entered into on the Closing Date by Berliner, the Purchaser and the Escrow Agent in the form amended hereto as Exhibit A (the "Escrow Agreement");

(b) promissory notes in the aggregate principal amount of $10,000,000, to be delivered to the Sellers in the form annexed hereto as Exhibit B, each appropriately completed and executed (the "Notes"); and

(c) certificates representing, in the aggregate, 18,181,818 shares of Purchaser's common stock, par value $0.0001 per share ("Purchaser Common Stock"), to be delivered to the Sellers. If, prior to the Closing Date, the Purchaser shall effect an Adjustment Event with respect to the Purchaser Common Stock, the number of shares of Purchaser Common Stock to be delivered to the Sellers pursuant to this Section 1.3(c) shall be appropriately adjusted (and any appropriate actions shall be taken by the Purchaser) so that the Sellers shall be entitled to receive the number of shares of Purchaser Common Stock (or other securities of Purchaser) that the Sellers would have owned or would have been entitled to receive upon or by reason of such Adjustment Event had 18,181,818 shares of Purchaser Common Stock been delivered to the Sellers immediately prior to the occurrence of the Adjustment Event.

SECTION 1.4 Allocation of Purchase Price. All payments of the Purchase Price shall be made in the proportion of 80.1% to LTGI and 19.9% to Berliner. The Parties hereby acknowledge that the Purchase Price will be paid in connection with the acquisition of the business of Ladenburg, and no part thereof will be paid in connection with any assignment (whether deemed or otherwise) of any leases of the Ladenburg Companies.

ARTICLE II
THE CLOSING

SECTION 2.1 The Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement

shall take place at a closing (the "Closing") to be held at 10:00 a.m., local time, on the fourth Business Day after the date on which the last of the conditions to Closing set forth in Sections 6.1(a) and (c) is fulfilled, at the offices of Graubard Mollen & Miller, 600 Third Avenue, New York, New York 10016, or at such other time, date or place as the Parties may agree upon in writing. The date on which the Closing occurs is referred to herein as the "Closing Date."

SECTION 2.2 Sellers' Deliveries. At the Closing, (i) the Sellers will assign and transfer to Purchaser all of Sellers' right, title and interest in and to the Ladenburg Stock by delivering to the Purchaser the certificates

representing the Ladenburg Stock, duly endorsed for transfer and free and clear of all Liens, (ii) New Valley will assign and transfer to Purchaser all of New Valley's right, title and interest in and to the LTI Stock by delivering to the Purchaser the certificates representing the LTI Stock, duly endorsed for transfer and free and clear of all Liens, and (iii) New Valley, LTGI, Berliner and Ladenburg (collectively, the "Selling Parties") shall deliver to the Purchaser the certificates, opinions and other agreements and instruments contemplated by Article VI hereof and the other provisions of this Agreement.

SECTION 2.3 Purchaser's Deliveries. At the Closing, the Purchaser shall deliver to the Sellers (i) the portions of cash, Notes and shares of Purchaser Common Stock representing the Purchase Price to which each Seller is entitled pursuant to Sections 1.3 and 1.4, and (ii) the certificates, opinions and other agreements and instruments contemplated by Article VI hereof and the other provisions of this Agreement.

SECTION 2.4 Net Worth Adjustment.

(a) Promptly after the Closing, the individuals serving as the chief financial officers of Ladenburg and New Valley on the date hereof (or, if either such individual is not so serving on the Closing Date, a substitute individual mutually selected by the Purchaser and New Valley) shall cooperate with each other to cause Ladenburg to prepare a consolidated balance sheet of Ladenburg and its subsidiaries as at the Closing Date (but without giving effect to the consummation of the transactions contemplated hereby) from which the net worth of Ladenburg and such subsidiaries on a consolidated basis on such date (the "Closing Net Worth") shall be determined in accordance with GAAP, applied consistently as in the Financial Statements except that, if not required by GAAP, appropriate reserves and accruals shall nevertheless be made for the cost of the annual audit and preparation of tax returns for Ladenburg for the year ended December 31, 2000. Upon its preparation, such balance sheet and determination of Closing Net Worth shall be submitted to the Enforcement Committee (as defined in Section 2.9), New Valley and Berliner and shall be deemed conclusively accepted unless written objection thereto is given by any Party to the other Parties within 30 days after submission.

(b) If, within the 30-day period specified in Section 2.4(a), an objection is made pursuant to the last sentence of paragraph (a) above, the Purchaser's Accountants and the Sellers' Accountants shall jointly review the balance sheet and the determination of the Closing Net Worth prepared by Ladenburg (the "Initial Determination") and attempt to reach a mutually satisfactory determination of the Closing Net Worth. If the Purchaser's Accountants and the Sellers' Accountants are unable to reach such a mutually satisfactory determination within 30 days after the Initial Determination has been submitted to them for their joint review, they shall promptly submit the Initial Determination to a firm of independent accountants jointly selected by them. The independent third firm shall submit its determination of Closing Net Worth to New Valley, Berliner and the Enforcement Committee within 30 days of its receipt of the Initial Determination, and the determination of the Closing

Net Worth by such third firm shall be final and conclusive upon the Parties. The Purchaser shall pay the fees and expenses of the Purchaser's Accountants and New Valley and Berliner shall pay the fees and expenses of the Sellers' Accountants. The fees and expenses of any independent third firm shall be paid 50% by the Purchaser and 50% by New Valley and Berliner.

(c) If the Closing Net Worth, as finally determined, is less than $28.6 million, the New Valley Parties and Berliner shall promptly contribute to the capital of Ladenburg an amount, in cash, equal to the difference between $28.6 million and the Closing Net Worth.

(d) If the Closing Net Worth, as finally determined, is more than $30.6 million, the Purchaser shall promptly pay to the Sellers, as an addition to the Purchase Price, cash equal to the difference between the Closing Net Worth and $30.6 million. Such payment shall be made by wire transfer to the accounts of the Sellers specified pursuant to Section 1.3(a).

(e) Payments by and to the New Valley Parties and Berliner pursuant to this Section 2.4 shall be made in the proportion of 80.1% by or to the LTGI and 19.9% by or to Berliner.

SECTION 2.5 Pledge and Security Agreement. To secure payment of amounts due under the Notes, the Purchaser shall grant to the Sellers a pledge of the shares of Ladenburg Stock to be purchased by it hereunder pursuant to a Pledge and Security Agreement (the "Pledge and Security Agreement") in the form annexed hereto as Exhibit C to be entered into at the Closing by the parties named therein and shall deliver to the collateral agent party thereto the certificates representing such shares together with duly executed stock powers endorsed in blank, all in accordance with the provisions of the Pledge and Security Agreement.

SECTION 2.6 Proxy and Voting Agreement. The Principals, Joseph Berland, New Valley Parties and Berliner have, concurrently with the execution and delivery of this Agreement, entered into a Proxy and Voting Agreement (the "Proxy and Voting Agreement") in the form annexed hereto as Exhibit D.

SECTION 2.7 Further Assurances; Post-Closing Cooperation.

(a) Subject to the terms and conditions of this Agreement, at any time or from time to time after the Closing, each of the Parties hereto shall execute and deliver such other documents and instruments, provide such materials and information and take such other actions as may reasonably be necessary, proper or advisable, to the extent permitted by law, to fulfill its obligations under this Agreement and the other Transaction Documents to which it is a party.

(b) Following the Closing, each Party will afford the other Party(ies), its counsel and its accountants, during normal business hours, reasonable access to the books, records and other data relating to the business, prospects or financial condition of Ladenburg and its subsidiaries in its possession with respect to periods prior to the Closing and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting Party in connection with (i) the preparation of Tax Returns, (ii) compliance with the requirements of any governmental or regulatory authority, (iii) the determination or enforcement of the rights and obligations of any Party to this Agreement or any of the other Transaction Documents or (iv) in connection with any actual or threatened Proceeding. Further, each Party agrees for a period extending eight years after the Closing Date not to destroy or otherwise dispose of any such books, records and other data unless such Party shall first offer in writing to surrender such books, records and other data to the other Party and such other Party shall not agree in writing to take

possession thereof during the ten day period after such offer is made. If at the end of such eight year period, either Party is under Tax audit or a party to another legal proceeding related to certain records which are being maintained by Ladenburg or New Valley, each Party may request the other Party to continue to retain such records, provided at least one month's advance notice is given.

(c) The Parties shall without further consideration reasonably cooperate with each other and shall cause their respective Affiliates and Representatives to reasonably cooperate with each other in connection the preparation of Tax Returns and the conduct of any Tax audit or other proceedings in respect of Taxes. If any Tax audit, Tax hearing or other Tax proceeding involving any of the Ladenburg Companies for which either the Purchaser or any of the Selling Parties may be liable under this Agreement, each Party shall provide reasonable notification to the other Party prior to the commencement of such event. During any such Tax proceeding, each Party shall reasonably consult with and take into account the views (in a manner consistent with positions taken prior to the Closing) of the other Party. Each Party shall also have the right to request that a Representative be present during such Tax audit, Tax hearing or other Tax proceeding. At New Valley's request, the Purchaser and Ladenburg shall execute a Power of Attorney authorizing New Valley's Representative to argue at any Tax proceeding for any Taxes arising in any period for which the Selling Parties may be liable under this Agreement.

(d) If, in order properly to prepare its Tax Returns, other documents or reports required to be filed with governmental or regulatory authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that a Party be furnished with additional information, documents or records relating to the business, prospects or financial condition of Ladenburg not referred to in paragraph (b) above, and such information, documents or records are in the possession or control of the other Party, such other Party agrees to use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the recipient's request, cost and expense. Any information obtained by the New Valley Parties and Berliner in accordance with this paragraph shall be held confidential by them in accordance with Section 5.2. The New Valley Parties shall furnish to Purchaser, with reasonable time for review and comment, copies of all unconsolidated Tax Returns of the Ladenburg Companies or other information proposed to be filed by them with any governmental or regulatory authority that relates solely to the Ladenburg Companies for any period prior to the Closing Date.

(e) Notwithstanding anything to the contrary contained in this Section, if the Parties are in an adversarial relationship in litigation or arbitration, the furnishing of information, documents or records in accordance with any provision of this Section shall be subject to applicable rules relating to discovery.

SECTION 2.8 Directors and Officers. The Parties shall take such actions as are necessary so that, effective as of the Closing Date, the directors and officers of the Purchaser are the persons listed on Schedule 2.8(a), the directors and officers of GBI Capital Partners, Inc. are the persons listed on Schedule 2.8(b) and the directors and officers of Ladenburg are the persons listed on Schedule 2.8(c).

SECTION 2.9 Enforcement of Claims; Amendment.

(a) The authority to assert Claims on behalf of the Purchaser

and determine whether any action should be instituted to enforce the Purchaser's rights under this Agreement after the Closing Date, including without limitation, rights pursuant to Article VII, shall be vested solely in a committee (the "Enforcement Committee") consisting of Messrs. Richard Rosenstock, Mark Zeitchick and Victor Rivas, who shall act by the decision of a majority thereof and whose authority in such capacity shall continue whether or not any or all of them continue as directors of the Purchaser. If any member of the Enforcement Committee shall resign or otherwise cease to serve thereon, his successor shall be selected by the remaining members, except that if the member ceasing to serve is either Mr. Rosenstock or Mr. Zeitchick, the other shall select the successor. In discharging their functions, the members of the Enforcement Committee shall be subject to the same duties as directors of the Purchaser.

(b) After the Closing Date, no Transaction Document to which the Purchaser is a party shall be amended without the approval of a majority of the members of the Enforcement Committee.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLING PARTIES

New Valley, LTGI and Ladenburg (the "New Valley Companies"), on the one hand, and Berliner, on the other hand, severally and not jointly represent and warrant to the Purchaser as follows (except that, where a representation and warranty is stated as being made by either the New Valley Companies or Berliner, it is made by such Person(s) only):

SECTION 3.1 Organization.

(a) New Valley. The New Valley Companies represent and warrant that New Valley is a corporation duly incorporated, validly existing and in good standing under the law of the State of Delaware.

(b) LTGI. The New Valley Companies represent and warrant that LTGI is a corporation duly incorporated, validly existing and in good standing under the law of the State of Delaware.

(c) Ladenburg. Ladenburg is a corporation duly incorporated, validly existing and in good standing under the law of the State of Delaware. Except for the entities listed in Schedule 3.1(c) (the "Ladenburg Subsidiaries") and as disclosed in Schedule 3.1(c), Ladenburg does not own, other than in the ordinary course of its business, directly or indirectly, any capital stock or other securities of any issuer or any equity interest in any other entity and is not a party to any agreement to acquire any such securities or interest. Ladenburg is qualified to do business in each state where the nature of the business it conducts or the properties it owns, leases or operates requires it

to so qualify, which states are listed in Schedule 3.1(c), except for those states in which the adverse effect of all such failures by Ladenburg to be qualified could not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of Ladenburg. Ladenburg has all requisite corporate power to own, lease and operate its properties and to carry on its business as now being conducted.

(d) Berliner. Berliner represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of the Federal Republic of Germany.

(e) The Ladenburg Subsidiaries. Each of the Ladenburg Subsidiaries

is a corporation duly incorporated, validly existing and in good standing under the law of its state of incorporation, which states are listed in Schedule 3.1(e). Other than in the ordinary course of its securities business or as listed in Schedule 3.1(e), none of the Ladenburg Subsidiaries owns, directly or indirectly, any capital stock or other securities of any issuer or any equity interest in any other entity and is not a party to any agreement to acquire any such securities or interest. Each of the Ladenburg Subsidiaries is qualified to do business in each state where the nature of the business it conducts or the properties it owns, leases or operates requires it to so qualify, which states are listed in Schedule 3.1(e), except for those states in which all failures by the Ladenburg Subsidiaries to be qualified could not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of Ladenburg and the Ladenburg Subsidiaries (collectively, the "Ladenburg Companies"), taken as a whole. Each of the Ladenburg Subsidiaries has all requisite corporate power to own, lease and operate its properties and to carry on its business as now being conducted.

SECTION 3.2 Authority and Corporate Action. Such Selling Party has all necessary corporate power and authority to enter into this Agreement, the Investor Rights Agreement, the Pledge and Security Agreement, the Escrow Agreement and the other instruments and agreements to be executed and delivered by such Selling Party in connection with the transactions contemplated by this Agreement (collectively, the "Seller Transaction Documents") and to consummate the transactions contemplated thereby. All corporate action necessary to be taken by such Selling Party to authorize the execution, delivery and performance of the Seller Transaction Documents has or will at Closing have been duly and validly taken. Each of the Seller Transaction Documents to which it is a party constitutes, or upon the execution and delivery by such Selling Party will constitute, the valid, binding and enforceable obligation of such Selling Party, enforceable in accordance with its terms, except (i) as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (ii) as enforceability of any indemnification provision may be limited by federal and state securities laws and public policy.

SECTION 3.3 No Conflicts, etc. Subject to receipt of the approvals and filings set forth in Schedule 3.3, neither the execution and delivery of the Seller Transaction Documents to which it is a party by such Selling Party nor

the consummation of the transactions contemplated thereby will, except as disclosed in Schedule 3.3 or except as would occur solely as a result of the identity or legal or regulatory status of the Purchaser and its Affiliates, (i) conflict with, result in a breach or violation of or constitute (or with notice of lapse of time or both constitute) a default under, (A) the Certificate of Incorporation or By-Laws (or similar constituent documents) of any of the Selling Parties or Ladenburg Subsidiaries or (B) any law, statute, regulation, order, judgment or decree or any instrument, contract or other agreement to which any of the Selling Parties or Ladenburg Subsidiaries is a party or by which any of the Selling Parties or Ladenburg Subsidiaries (or any of their respective properties) is subject or bound, except where any such conflict, breach, violation or default, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole; (ii) result in the creation of, or give any party the right to create, any lien, charge, option, security interest or other encumbrance ("Lien") upon the assets of any of the Selling Parties or the Ladenburg Subsidiaries, except where such Lien, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole; (iii) terminate or

modify, or give any third party the right to terminate or modify, the provisions or terms of any contract to which any of the Selling Parties or the Ladenburg Subsidiaries is a party, except where such termination or modification, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole; or (iv) result in any suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, qualification, authorization or approval applicable to any of the Selling Parties or Ladenburg Subsidiaries, except where such suspension, revocation, impairment, forfeiture or nonrenewal, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

SECTION 3.4 Capitalization; Ownership of Securities.

(a) Capitalization. The capitalization of Ladenburg and each of the Ladenburg Subsidiaries is set forth in Schedule 3.4(a).

(b) Ownership.

(i) LTGI and Berliner are the record and beneficial owners of 80.1% and 19.9%, respectively, of the outstanding shares of Ladenburg Stock, free and clear of all Liens. Except as disclosed in Schedule 3.4(b), there are no options, warrants or other contractual rights outstanding which require, or give any person the right to require, the issuance of any capital stock of Ladenburg whether or not such rights are presently exercisable.

(ii) The record and beneficial ownership of all of the outstanding shares of capital stock of each of the Ladenburg Subsidiaries is set forth in Schedule 3.4(b). Except as disclosed in Schedule 3.4(b), all of the outstanding shares of capital stock of each Ladenburg Subsidiary are owned, beneficially and of record, by Ladenburg or subsidiaries wholly owned by Ladenburg, free and clear of all Liens. There are no options, warrants or other

contractual rights outstanding which require, or give any person the right to require, the issuance of any capital stock of any of the Ladenburg Subsidiaries whether or not such rights are presently exercisable.

(iii) New Valley represents and warrants that LTI owns all of the issued and outstanding shares of common stock of Ladenburg Thalmann Ukraine Ltd., the investment advisor to the Societe Generale Ladenburg Thalmann Ukraine Fund Limited (the "Ukraine Fund").

SECTION 3.5 Compliance with Law; Customer Complaints.

(a) The businesses of the Ladenburg Companies are, and since May 31, 1995 have been, conducted in compliance in all material respects with all applicable laws, rules, regulations, court or administrative orders and processes and rules, directives and orders of regulatory and self-regulatory agencies and bodies (including, without limitation, the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Investment Advisers Act of 1940, as amended, and any laws, rules, regulations, orders and directives that relate to broker-dealer regulation, consumer protection, products and services, proprietary rights, anti-competitive practices, collective bargaining, ERISA, equal opportunity and improper payments), except as would not reasonably be expected, singly or in the aggregate, to be materially adverse to the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. Except as set forth in Schedule 3.5(a), the Ladenburg Companies (i) are not, and since May 31, 1995 have not been, in violation of, or not in compliance

with, in any material respect, any such applicable law, rule, regulation, order, directive or process with respect to the conduct of their respective businesses, and (ii) have not received any notice from any governmental authority or regulatory or self-regulatory agency or body, and to the Selling Parties' Knowledge none is threatened, alleging that any of the Ladenburg Companies is violating or has, since May 31, 1995, violated, or is not complying or has not, since May 31, 1995, complied with, any of the foregoing the effect of which, individually or in the aggregate with other such violations and non-compliance, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

(b) Customer complaints reportable on Form U-4 or otherwise which have been made against any of the Ladenburg Companies or any of their registered representatives since May 31, 1995 are set forth in Schedule 3.5(b) and copies of each such complaint have been furnished or made available to the Purchaser. Such complaints which are pending as of the date of this Agreement are appropriately noted on Schedule 3.5(b). The Signing Balance Sheet (as defined in Section 3.6) contains adequate reserves to the extent required by GAAP for the costs (including costs of settlement, judgments and attorneys' fees and expenses) to be incurred by the Ladenburg Companies in connection with all customer complaints pending as of its date. Except as disclosed in Schedule 3.5(b), none of such complaints which have been disposed of as of the date hereof requires any payment or other action to be made by any of the Ladenburg Companies after the date of this Agreement in excess of $50,000 with respect to any single claim.

SECTION 3.6 Financial Statements. The Selling Parties have delivered to the Purchaser a consolidated balance sheet of the Ladenburg Companies at December 31, 1999, and statements of income, stockholders' equity and source and application of funds for the year then ended, all certified by the Sellers' Accountants, and the notes, comments, schedules, and supplemental data therein (the "Audited 1999 Financial Statement"). In addition, the Selling Parties have delivered to the Purchaser an unaudited consolidated balance sheet of the Ladenburg Companies at December 31, 2000 (the "Signing Balance Sheet") and statement of income for the year ended December 31, 2000, the "Signing Income Statement"), and Ladenburg's FOCUS Report for the period ended December 31, 2000, copies of which are attached hereto as Schedule 3.6. The Audited 1999 Financial Statement, the Signing Balance Sheet and the Signing Income Statement (collectively, the "Financial Statements") and Ladenburg's FOCUS Report have been prepared in all material respects in accordance with generally accepted accounting principles applied in the United States ("GAAP") throughout the periods indicated, except as may be otherwise noted therein, subject to normal year-end audit adjustments in the case of all such Financial Statements that are interim or unaudited financial statements, and fairly present the financial condition of the Ladenburg Companies at their respective dates and the results of the operations of the Ladenburg Companies for the periods covered thereby in accordance with GAAP in all material respects.

SECTION 3.7 Licenses, Permits, Etc. Except as set forth in Schedule 3.7, the Ladenburg Companies and their officers, directors and employees possess all applicable governmental registrations, licenses, permits, authorizations and approvals (collectively referred to herein as "Permits"), including those necessary to enable them to sell securities in any jurisdiction in which any of the Ladenburg Companies engages in the sale of securities, and those necessary to own and operate the business of the Ladenburg Companies, except where the failure to obtain or possess such Permits would not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. True, complete and correct copies of such Permits have previously been delivered to the Purchaser. All such Permits are in full force and effect and the Ladenburg

Companies and their officers, directors and employees have complied in all material respects with all terms of such Permits. The Ladenburg Companies are not in default in any material respect under any of such Permits and no event has occurred and no condition exists which, with the giving of notice, the passage of time, or both, would constitute such a default thereunder. Schedule 3.7 includes a listing of all branch offices of the Ladenburg Companies, including their addresses and dates of approval from appropriate state regulatory authorities to operate such branch offices.

SECTION 3.8 Marketable Securities. Except as disclosed in Schedule 3.8, all securities carried in the Signing Balance Sheet as marketable securities or which will be taken into account in the determination of the Closing Net Worth as marketable securities are readily marketable in established markets at values established in accordance with GAAP, and are, in the Signing Balance Sheet, or will be, in the determination of the Closing Net Worth, valued in accordance with GAAP and, except for pledges in the ordinary course of business, are not subject to any restriction (contractual or otherwise) that would materially impair the ability of the entity holding such securities to dispose freely of such securities at any time.

SECTION 3.9 Real Property; Leased Properties; Contracts.

(a) None of the Ladenburg Companies owns any real property.

(b) All leases for the real property ("Leases") leased by the Ladenburg Companies are listed on Schedule 3.9(b), and copies thereof have been furnished to the Purchaser.

(c) All material leases for personal property and all material contracts and commitments ("Contracts") to which any of the Ladenburg Companies is a party are listed on Schedule 3.9(c). For purposes of this Section 3.9, a material lease, contract or commitment means any lease, contract or commitment which cannot be terminated on 30 days notice or less without material cost and, if requiring the payment of money, pursuant to which the unliquidated amount required to be paid by a Ladenburg Company or which a Ladenburg Company is entitled to receive, as of the date hereof, is $100,000 or more. Copies of the Contracts of the Ladenburg Companies have been furnished to the Purchaser.

(d) All Contracts and Leases of the Ladenburg Companies are valid and binding agreements of the relevant Ladenburg Companies, enforceable in accordance with their terms, and there is no default by any of the Ladenburg Companies, or, to the Selling Parties' Knowledge, any other party thereto, under any such Contract or Lease, except for such defaults which, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. None of the other parties to the Contracts or Leases has notified any of the Selling Parties of any intention to terminate its Contract or Lease.

(e) The Clearance Agreement dated December 5, 1978 between Ladenburg and Paine, Webber, Jackson & Curtis and Paine, Webber, Mitchell Hutchins, Incorporated may be terminated by Ladenburg at any time on 90 days prior written notice.

SECTION 3.10 Litigation. Except as set forth in Schedule 3.10, there are no actions, suits, arbitrations or other proceedings ("Proceedings") (including arbitrations with any registered representative or customer of any Ladenburg Company) pending or, to the Selling Parties' Knowledge, threatened or reasonably likely to be asserted against any Ladenburg Company at law or in equity before any court, federal, state, municipal or other governmental

department or agency or other tribunal. Except as set forth in Schedule 3.10, no such Proceeding would reasonably be expected to have a material adverse effect on the ability of the Selling Parties to consummate the transactions contemplated hereby or have a material adverse effect on the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. None of the Ladenburg Companies or their property is subject to any order, judgment, injunction or decree which would reasonably be expected to materially adversely affect the business, assets, prospects or financial condition of the Ladenburg Companies taken as a whole.

SECTION 3.11 Taxes, Tax Returns and Audits. (a) All material federal, state, local and foreign Taxes due and payable by the Ladenburg Companies for all periods ending on or before December 31, 2000, have been paid in full or have been adequately reserved against on the Signing Balance Sheet as required

by GAAP; (b) the Ladenburg Companies have filed all material federal, state, local and foreign income, excise, property, sales, social security, information returns, and other Tax returns, reports and related information ("Returns") required to have been filed by them, or, as set forth in Schedule 3.11, extensions of the time for filing such Returns are presently in effect; the Returns that have been filed have been accurately prepared and have been timely filed except for such inaccuracies as would not reasonably be expected to have a material adverse effect on the Ladenburg Companies; (c) the Ladenburg Companies' federal income tax returns have been audited by the Internal Revenue Service through 1995, and their state and local income tax returns have been audited by the respective state and local tax agencies through March 31, 1993, and, to the Selling Parties' Knowledge, all audit reports are final; (d) except as set forth in Schedule 3.11, there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Return or the payment of any Tax by any of the Ladenburg Companies other than Taxes that have been adequately reserved or are not material; (e) except as set forth in Schedule 3.11, there are no actions, suits, proceedings, investigations or claims pending or, to the Selling Parties' Knowledge, threatened against any Ladenburg Company in respect of Taxes or any matter under discussion with any governmental authority relating to Taxes asserted by any such authority other than Taxes that have been adequately reserved or are not material; and (f) as of the Closing Date, any net operating loss carry-forwards, as determined under Treasury Regulations Section 1.1502-21 for federal income tax purposes, will be allocated to Ladenburg and the Ladenburg Subsidiaries.

SECTION 3.12 Consents and Approvals. Except as set forth in Schedule 3.12, the execution and delivery of this Agreement by such Selling Party do not, and the performance of this Agreement by such Selling Party will not, require such Selling Party or the Ladenburg Companies to obtain any consent, approval, authorization or other action by, or to make any filing with or notification to, any governmental or regulatory authority or other third party, except where failure to obtain such consents, approvals, authorizations or actions, or to make any such filings or notifications, would not reasonably be expected to prevent the Selling Parties from performing any of their obligations under this Agreement or would not reasonably be expected to materially and adversely affect the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole, or except as would be required as a result of the identity or legal or regulatory status of the Purchaser and its Affiliates.

SECTION 3.13 Absence of Certain Changes. Except as set forth in Schedule 3.13, the Ladenburg Companies, taken as a whole, have not, since December 31, 2000, taken any action that would constitute a breach of any of their obligations under Section 5.1 or suffered any material adverse change, in any case or in the aggregate, in their assets, liabilities, financial condition, results of operations, prospects or business, except for those occurring as a result of general economic or financial conditions affecting the United States

as a whole or the region in which the Ladenburg Companies conduct their business or developments that are not unique to the Ladenburg Companies but also affect other Persons engaged or participating in the brokerage industry generally or as a consequence of the transactions contemplated by the Transaction Documents.

SECTION 3.14 Employment Agreements and Bonus Plans. Except as set forth in Schedule 3.14, there are, and have been, no bonus, stock option, incentive or other compensation plans, arrangements, agreements or programs between any of the Ladenburg Companies and any of its employees, including but not limited to any thereof relating to severance, and there are no employment, severance, change in control or other agreements or arrangements between any of the Ladenburg Companies and any of its employees which are not terminable by a Ladenburg Company on more than thirty (30) days notice without liability, penalty or premium.

SECTION 3.15 Employee Plans.

(a) Except as set forth on Schedule 3.15, none of the Ladenburg Companies maintains or contributes to, has maintained or contributed to or is or was a party to a participating employer in, or a sponsor or contributor to any "employee pension benefit plan," as defined in Section 3(2) of ERISA (collectively, "Employee Benefit Plans"). None of the Ladenburg Companies is a party to any multiemployer plan as defined in Section 3(37) of ERISA.

(b) Except as set forth on Schedule 3.15 or as would not reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole, each Employee Benefit Plan (i) except with respect to any Employee Benefit Plan not intended to qualify under Section 401(a) of the Code, has received a determination letter from the Internal Revenue Service to the effect that such plan satisfies the requirements of Section 401(a) of the Code and that any related trust is exempt from tax pursuant to Section 501(a) of the Code; (ii) has been operated in all material respects in accordance with the provisions thereof, ERISA, the Code and all other applicable law; (iii) has not engaged in any prohibited transactions (as such term is defined for purposes of ERISA and the Code) (other than those that are exempt pursuant to statute, regulation or otherwise) which would subject any of the Ladenburg Companies to a material liability under Section 4975 of the Code or a penalty under Section 502(i) of ERISA; (iv) has not, since the last annual report filed, been amended so as to materially increase benefits thereunder (other than as a direct or indirect result of changes in applicable law or regulations) or experienced a material increase (more than 20%) in the number of participants covered thereunder; and (v) if terminated on the date hereof, would not subject any of the Ladenburg Companies to liability in excess of $25,000 to the PBGC pursuant to the provisions of Title IV of ERISA.

(c) Except as set forth in Schedule 3.15, there are no "employee welfare benefit plans" (as defined in Section 3(1) of ERISA) ("Employee Welfare Plans") maintained by any of the Ladenburg Companies or to which any of the Ladenburg Companies contributes or is required to contribute.

(d) The Selling Parties have furnished to the Purchaser true and complete copies of the following items with respect to each Employee Benefit Plan and each Employee Welfare Plan of the Ladenburg Companies (i) each plan document; (ii) each related trust document; (iii) each determination letter

issued by the Internal Revenue Service relating to qualification of the respective plans under the Code; (iv) the most recently filed annual reports, if

any; and (v) the most recent actuarial valuation, if any.

(e) Each of the Ladenburg Companies has filed all reports and other documents required to be filed with any governmental agency with respect to the Employee Benefit Plans and Employee Welfare Plans of the Ladenburg Companies or has received currently effective extensions for any such reports and other documents which have not been filed other than any failure to file which would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

SECTION 3.16 Insurance Policies. Schedule 3.16 sets forth a complete list of all material insurance policies maintained by the Ladenburg Companies and which are in force as of the date hereof.

SECTION 3.17 Intangible Rights. Set forth in Schedule 3.17 is a list of all material trademarks, trade names, copyrights and applications therefor owned by or registered in the name of any of the Ladenburg Companies or in which any of the Ladenburg Companies has any rights as licensee or otherwise, and which are presently used in the operation of the Ladenburg Companies' businesses (other than packaged computer software that is used in accordance with the licenses therefor). Except as disclosed in Schedule 3.17, no interest in any of such material trademarks, trade names, copyrights or applications therefor, or any trade secrets owned or used by any Ladenburg Company, has been assigned, transferred or licensed to any third party by a Ladenburg Company, and to the Selling Parties' Knowledge there is no infringement or asserted infringement by any Ladenburg Company of any trademarks, trade names, copyrights or application therefor of another the effect of which, in either case, individually or in the aggregate, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. Except as disclosed in Schedule 3.17, (i) no claim is pending by any of the Ladenburg Companies against others to the effect that the present or past operations of such parties infringe upon or conflict with the rights of such Ladenburg Company, and, to the Selling Parties' Knowledge, no reasonable grounds for such action exist, and (ii) to the Selling Parties' Knowledge, there are no pending or threatened cancellations or revocations of any agreement granting to any Ladenburg Company rights under trademarks, trade names, copyrights or "know-how" of others, the effect of which, individually or in the aggregate, could reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

SECTION 3.18 Title to Properties. Each of the Ladenburg Companies has good title to all its tangible personal properties and assets material, individually or in the aggregate, to the business of the Ladenburg Companies. Except for Liens (i) reflected in the Financial Statements or (ii) relating to margin requirements or other borrowings in respect of securities positions, none of such properties and assets is subject to any Lien or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, other than (i) any Lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any statutory Lien arising

in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent and (iii) any minor imperfection in title or similar Lien which individually or in the aggregate with such other Liens would not reasonably be expected to materially adversely affect the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole. The tangible properties and assets owned or leased by the Ladenburg Companies are, in all material respects, in good operating condition and repair, ordinary wear and tear excepted.

SECTION 3.19 No Guarantees. Other than as incurred in the ordinary course of business, none of the Ladenburg Companies is a party to or bound by any agreement of guarantee, indemnification, assumption, or endorsement or any other like commitment in an amount in excess of $50,000 in any single instance and $500,000 in the aggregate to satisfy the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, firm or corporation other than another Ladenburg Company.

SECTION 3.20 Labor Matters. None of the Ladenburg Companies is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by it in connection with the operation of its business.

SECTION 3.21 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of such Selling Party.

SECTION 3.22 Records. To the Selling Parties' Knowledge, the books of account, minute books, stock certificate books and stock transfer ledgers of the Ladenburg Companies are complete and correct in all material respects, and there have been no material transactions involving any of the Ladenburg Companies which are required to be set forth therein and which have not been so set forth.

SECTION 3.23 No Undisclosed Liabilities. Except as set forth in Schedules 3.5(a), 3.5(b), 3.10 and 3.23 and pursuant to executory provisions under the Contracts and Leases to which any Ladenburg Company is a party, none of the Ladenburg Companies has any liabilities, whether known or unknown, absolute, accrued, contingent or otherwise of a nature that would be required to be reflected on a consolidated balance sheet of the Ladenburg Companies (including the footnotes), except (a) as and to the extent disclosed, reflected or reserved against on the Signing Balance Sheet, including all notes thereto, (b) those incurred since December 31, 2000 in the ordinary course of business and consistent with prior practice, and (c) those which would not reasonably be expected to materially and adversely affect the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

SECTION 3.24 No Illegal or Improper Transactions. Since May 31, 1995, no Ladenburg Company or any officer, director, employee, agent or Affiliate of any of the Ladenburg Companies on their behalf has offered, paid or agreed to pay to any person or entity (including any governmental official) or solicited, received or agreed to receive from any such person or entity, directly or indirectly, any money or anything of value for the purpose or with the intent of (a) obtaining or maintaining business for a Ladenburg Company, (b) facilitating

the purchase or sale of any product or service, or (c) avoiding the imposition of any fine or penalty, in any manner which is in violation of any applicable ordinance, regulation or law, the effect of which, individually or in the aggregate, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Ladenburg Companies, taken as a whole.

SECTION 3.25 Related Transactions. Except as set forth in Schedule 3.25 and except for compensation to employees for services rendered and brokerage accounts in the ordinary course, neither New Valley nor, to the knowledge of such Selling Party, any director, officer, employee or shareholder or any associate (as defined in the rules promulgated under the 1934 Act) of any of the Ladenburg Companies is presently, or since January 1, 1998 has been a party to any material transaction with any of the Ladenburg Companies (including, but not limited to, any contract, agreement or other arrangements providing for the

furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer, employee or shareholder or such associate).

SECTION 3.26 Disclosure. No representation or warranty by such Selling Party contained in this Agreement and no information contained in any Schedule furnished to the Purchaser by such Selling Party pursuant to this Agreement or in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which such statements were made. Any furnishing of information to the Purchaser by a Selling Party pursuant to, or otherwise in connection with, this Agreement (other than information contained in this Agreement, the Schedules or the Exhibits hereto), including, without limitation, any information contained in any document, contract, book or record of any of the Ladenburg Companies to which the Purchaser shall have access or any information obtained by, or made available to, the Purchaser as a result of any investigation made by or on behalf of the Purchaser prior to or after the date of this Agreement, shall not affect the Purchaser's right to rely on any representation, warranty, covenant or agreement made by such Selling Party in this Agreement and shall not be deemed a waiver thereof.

SECTION 3.27 Ownership of Purchaser Common Stock. Neither such Selling Party nor any Ladenburg Company nor any of their respective Affiliates owns, directly or indirectly, any Purchaser Common Stock, or options or other rights to acquire Purchaser Common Stock or securities convertible into Purchaser Common Stock, other than in the ordinary course of its broker-dealer business.

SECTION 3.28 Investment Representations. All shares of Purchaser Common Stock to be acquired by such Selling Party pursuant to this Agreement (including shares issuable upon conversion of the Notes) will be acquired for its account and not with a view towards distribution thereof. Such Selling Party understands that it must bear the economic risk of its investment in Purchaser Common Stock, which cannot be sold by it unless registered under the Securities Act of 1933, as amended (the "1933 Act"), or an exemption therefrom is available thereunder. Such Selling Party has had both the opportunity to ask questions and receive answers from the officers and directors of the Purchaser and all persons acting on its behalf concerning the business and operations of the Purchaser and to

obtain any additional information to the extent the Purchaser possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of such information. New Valley and Berliner each acknowledges receiving and reviewing copies of the Purchaser SEC Filings referred to in Section 4.4. The certificates representing the Purchaser Common Stock to be received by the Sellers as part of the Purchase Price shall bear a legend (which shall be removed on furnishing to the Purchaser an opinion of counsel to such Seller reasonably satisfactory to the Purchaser that such legend is no longer required) to the effect that the shares represented thereby may not be transferred except upon compliance with the registration requirements of the 1933 Act (or an exemption therefrom).

SECTION 3.29 Bank Accounts. Schedule 3.29 sets forth the name of each bank in which any of the Ladenburg Companies has an account or safe deposit box, vault, lock-box or other arrangement, the account number and description of each account at each bank and the names of all persons authorized to draw thereon or to have access thereto; and the names of all persons, if any, holding tax or other powers of attorney from any of the Ladenburg Companies other than in the ordinary course of business.

SECTION 3.30 Certain Brokerage Matters.

(a) None of the Ladenburg Companies has in effect any "soft dollar"

arrangements with any of its customers that do not come within the "safe harbor" provisions of Section 28(e) of the 1934 Act.

(b) All sales literature used by the Ladenburg Companies since May 31, 1995 does not contain any misstatement of a material fact and does not omit to state a material fact necessary to make the statements therein not misleading in the light of the circumstances in which such statements are made.

SECTION 3.31 Warrants, etc. Schedule 3.31 lists all warrants, underwriters' purchase options and similar consideration received by any of the Ladenburg Companies as underwriting compensation since May 31, 1995, whether or not owned by any of the Ladenburg Companies on the date hereof ("Underwriters' Warrants"). Except as set forth in Schedule 3.31, no Person other than a Ladenburg Company has any right with respect to the Underwriters' Warrants, including the right to share in appreciation in the value thereof.

SECTION 3.32 Survival of Representations and Warranties. The representations and warranties of the Selling Parties set forth in this Agreement shall survive the Closing for a period of two years after the Closing Date, except that the representations and warranties in Sections 3.1 and 3.4 shall survive without limitation as to time and the representations and warranties in Section 3.11 shall survive for a period of two months after the expiration of the statute of limitations for each respective Tax (as extended from time to time).

SECTION 3.33 Ukraine Fund. Ladenburg Thalmann Ukraine Ltd. has incurred no liability for serving as investment advisor to the Ukraine Fund, except those which would not reasonably be expected to materially and adversely affect the

business, assets, prospects or financial condition of the LTI and the Ladenburg Companies, taken as a whole. Except as set forth in Section 3.4(b)(iii) and this Section 3.33, no representations or warranties are made by any Selling Party with respect to the Ukraine Fund.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Selling Parties as follows:

SECTION 4.1 Organization.

(a) The Purchaser. The Purchaser is a corporation duly incorporated, validly existing and in good standing under the law of Florida. Except for the other corporations listed in Schedule 4.1(a) (the "Purchaser Subsidiaries"), and as otherwise set forth in Schedule 4.1(a), the Purchaser does not own, directly or indirectly, any capital stock or other securities of any issuer or any equity interest in any other entity and is not a party to any agreement to acquire any such securities or interest. The Purchaser is a holding company and does not conduct any business except through the Purchaser Subsidiaries.

(b) The Purchaser Subsidiaries. Each of the Purchaser Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the law of its state of incorporation, which states are listed in Schedule 4.1(b). Other than in the ordinary course of its securities business or as listed in Schedule 4.1(b), none of the Purchaser Subsidiaries owns, directly or indirectly, any capital stock or other securities of any issuer or any equity interest in any other entity and is not a party to any agreement to acquire any such securities or interest. Each of the Purchaser Subsidiaries is qualified to

do business in each state where the nature of the business it conducts or the properties it owns, leases or operates requires it to so qualify, which states are listed in Schedule 4.1(b), except for those states in which all such failures by the Purchaser Subsidiaries to be qualified could not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of the Purchaser and the Purchaser Subsidiaries (collectively, the "Purchaser Companies"), taken as a whole. Each of the Purchaser Subsidiaries has all requisite corporate power to own, lease and operate its properties and to carry on its business as now being conducted.

SECTION 4.2 Authority and Corporate Action.

(a) Other than the Stockholder Approval, the Purchaser has all necessary corporate power and authority to enter into this Agreement, the Escrow Agreement, the Notes, the Investor Rights Agreement, the Pledge and Security Agreement and the other instruments and agreements to be executed and delivered by the Purchaser in connection with the transactions contemplated by this Agreement (collectively, the "Purchaser Transaction Documents") and to consummate the transactions contemplated thereby. All corporate action necessary to be taken by the Purchaser to authorize the execution, delivery and

performance of the Purchaser Transaction Documents has or will at the Closing have been duly and validly taken. Each Purchaser Transaction Document constitutes, or will constitute upon execution and delivery thereof, the valid, binding and enforceable obligation of the Purchaser, enforceable in accordance with its terms, except (i) as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or similar laws of general application now or hereafter in effect affecting the rights and remedies of creditors and by general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity) and (ii) as enforceability of any indemnification provision may be limited by federal and state securities laws and public policy.

(b) Subject to receipt of the approvals and filings set forth in Schedule 4.2(b), neither the execution and delivery of the Purchaser Transaction Documents by the Purchaser nor the consummation of the transactions contemplated thereby will, except as disclosed in Schedule 4.2(b) or except as would occur solely as a result of the identity or legal or regulatory status of the Sellers or Ladenburg and their respective Affiliates (i) conflict with, result in a breach or violation of or constitute (or with notice of lapse of time or both constitute) a default under, (A) the Certificate of Incorporation or By-Laws (or similar constituent documents) of the Purchaser or any of the Purchaser Subsidiaries or (B) any law, statute, regulation, order, judgment or decree or any instrument, contract or other agreement to which the Purchaser or any of the Purchaser Subsidiaries is a party or by which the Purchaser or any of the Purchaser Subsidiaries (or any of their respective properties) is subject or bound, except where any such conflict, breach, violation or default, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser or any of the Purchaser Subsidiaries; (ii) result in the creation of, or give any party the right to create, any Lien upon the assets of the Purchaser or any of the Purchaser Subsidiaries, except where such Lien, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole; (iii) terminate or modify, or give any third party the right to terminate or modify, the provisions or terms of any contract to which the Purchaser or any of the Purchaser Subsidiaries is a party, except where such termination or modification, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole; or (iv) result in any suspension, revocation, impairment, forfeiture or

nonrenewal of any permit, license, qualification, authorization or approval applicable to the Purchaser or any of the Purchaser Subsidiaries, except where such suspension, revocation, impairment, forfeiture or nonrenewal, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

(c) Upon issuance and payment therefor in accordance with the terms and conditions of this Agreement, the shares of Purchaser Common Stock to be issued and delivered to the Sellers at the Closing will be duly authorized, validly issued, fully-paid and non-assessable. Upon conversion of a Note by the holder thereof in accordance with its terms, the shares of Purchaser Common Stock to be issued and delivered to such holder upon such conversion will be duly authorized, validly issued, fully-paid and non-assessable.

SECTION 4.3 Capitalization; Ownership of Securities.

(a) Capitalization. The capitalization of the Purchaser is set forth in Schedule 4.3(a). All of the issued and outstanding shares of the Purchaser Common Stock are, and all shares reserved for issuance will be, upon issuance in accordance with the terms specified in the instruments or agreements pursuant to which they are issuable, duly authorized, validly issued, fully paid and nonassessable. Except pursuant to the Transaction Documents and except as set forth in Schedule 4.3(a), there are no outstanding options, warrants or other contractual rights which require, or give any person the right to require, the issuance of any capital stock of Purchaser, whether or not such rights are presently exercisable.

(b) Ownership. The Purchaser is the record and beneficial owner of all of the outstanding shares of capital stock of each of the Purchaser Subsidiaries, free and clear of all Liens. There are no options, warrants or other contractual rights outstanding which require, or give any person the right to require, the issuance of any capital stock of any of the Purchaser Subsidiaries whether or not such rights are presently exercisable.

SECTION 4.4 SEC Reports; Financial Statements. The Purchaser has delivered to the Selling Parties prior to the execution of this Agreement true and complete copies of all forms, reports, schedules, registration statements, proxy statements and other documents filed by it or its Subsidiaries with the Securities and Exchange Commission (the "Commission") since August 24, 1999 including without limitation its Annual Reports on Form 10-K for the fiscal years ended August 24, 1999 and September 30, 2000 ("10-Ks") and the amendments to the Annual Reports for the fiscal year ended August 24, 1999 and September 30, 2000 on Form 10-K/A ("10-K/As"), its Quarterly Reports on Form 10-Q for the period August 25, 1999 to September 30, 1999 and the quarters ended December 31, 1999, March 31, 2000 and June 30, 2000 ("10-Qs") and its Current Report on Form 8-K for event dated August 24, 1999 ("8-K" and, collectively with the 10-Ks, the 10-K/As, the 10-Qs and all such other documents, the "Purchaser SEC Filings"). Each of the Purchaser SEC Filings, as of its filing date, complied in all material respects with the requirements of the rules and regulations promulgated by the Commission with respect thereto and did not contain any untrue statement of a material fact or omit a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances in which such statements were made. The Purchaser SEC Filings constitute all of the reports under the 1934 Act that were required to be filed by the Purchaser as of the date hereof and the Purchaser has otherwise complied with all material requirements of the 1933 Act and the 1934 Act. The financial statements of the Purchaser included in the Purchaser SEC Filings (the "Purchaser Financial Statements") comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto, and the Purchaser Financial Statements, as well

as the financial statements of the Purchaser as of December 31, 2000 and the Purchaser's FOCUS Report for the period ended December 31, 2000 (copies of which have been delivered to the Selling Parties), have been prepared in accordance with GAAP applied on a consistent basis during the periods covered, except as may be otherwise noted therein, subject to normal year-end audit adjustments in the case of all financial statements that are interim or unaudited financial statements, and fairly present the financial condition of the Purchaser

Companies as of their respective dates and the results of operations of the Purchaser Companies for the periods covered thereby in accordance with GAAP in all material respects.

SECTION 4.5 Consents and Approvals. Except as set forth in Schedule 4.5, the execution and delivery of this Agreement by the Purchaser do not, and the performance of this Agreement by the Purchaser will not, require the Purchaser to obtain any consent, approval, authorization or other action by, or to make any filing with or notification to, any governmental or regulatory authority or other third party, except where failure to obtain such consents, approvals, authorizations or actions, or to make such filings or notifications, would not reasonably be expected to prevent the Purchaser from performing any of its obligations under this Agreement and would not reasonably be expected to materially adversely affect the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole, or except as would be required as a result of the identity or legal or regulatory status of the Sellers and their respective Affiliates.

SECTION 4.6 Disclosure. No representation or warranty by the Purchaser contained in this Agreement and no information contained in any Schedule furnished by the Purchaser pursuant to this Agreement or in connection with the transactions contemplated hereby, when taken together with the Purchaser SEC Filings, contains any untrue statement of a material fact or omits a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which such statements were made. Any furnishing of information to the Selling Parties by the Purchaser pursuant to, or otherwise in connection with, this Agreement (other than information contained in this Agreement, the Schedules or the Exhibits hereto), including, without limitation, any information contained in any document, contract, book or record of any of the Purchaser Companies to which the Selling Parties shall have access or any information obtained by, or made available to, the Selling Parties as a result of any investigation made by or on behalf of the Selling Parties prior to or after the date of this Agreement, shall not affect the Selling Parties' right to rely on any representation, warranty, covenant or agreement made by the Purchaser in this Agreement and shall not be deemed a waiver thereof.

SECTION 4.7 Absence of Certain Changes. Except as set forth in Schedule 4.7, the Purchaser Companies, taken as a whole, have not, since December 31, 2000, taken any action that would constitute a breach of any of their obligations under Section 5.1 or suffered any material adverse change, in any case or in the aggregate, in their assets, liabilities, financial condition, results of operations, prospects or business, except for those occurring as a result of general economic or financial conditions affecting the United States as a whole or the region in which the Purchaser Companies conduct their business or developments that are not unique to the Purchaser Companies but also affect other Persons engaged or participating in the brokerage industry generally or as a consequence of the transactions contemplated by the Transaction Documents.

SECTION 4.8 Vote Required. The affirmative vote of the holders of record of at least a majority of the shares of Purchaser Common Stock present at the Purchaser Stockholder Meeting with respect to the matters referred to in

Section 5.10 hereof is the only vote of the holders of any class or series of the capital stock of the Purchaser required to approve the transactions contemplated hereby.

SECTION 4.9 Opinion of Financial Advisor. The Purchaser has received the opinion of Roth Capital Partners, Inc., dated February 8, 2001, to the effect that the consideration to be paid by the Purchaser for the Ladenburg Stock is fair from a financial point of view to the Purchaser, and a true and complete copy of such opinion has been delivered to the New Valley Parties and Berliner prior to the execution of this Agreement.

SECTION 4.10 Sections 607.0901 and 607.0902 of the Florida Business Corporation Act Not Applicable. The Board of Directors of the Purchaser has, to the extent required by applicable law, duly and validly authorized and approved by all necessary corporate action, the Purchaser Transaction Documents and the transactions contemplated thereby so that by the execution and delivery thereof no restrictive provision of any "fair price," "moratorium," "control-share acquisition," "interested shareholders" or other similar anti-takeover statute or regulation (including, without limitation, Sections 607.0901 and 607.0902 of the Florida Business Corporation Act) or restrictive provision of any applicable anti-takeover provision in the Articles of Incorporation or By-Laws of the Purchaser is, or will be, applicable to the Sellers or any transaction contemplated by the Purchaser Transaction Documents.

SECTION 4.11 Financing. The Purchaser and Frost-Nevada, Limited Partnership (the "Lender") have entered into an agreement (and the Purchaser has provided New Valley and Berliner with an executed copy thereof) pursuant to which the Lender will provide the $10,000,000 of funds required by Purchaser to pay the Purchase Price.

SECTION 4.12 Investment Representations. All shares of Ladenburg Stock to be acquired by the Purchaser pursuant to this Agreement will be acquired for its account and not with a view to distribution. The Purchaser understands that it must bear the economic risk of its investment in the Ladenburg Stock, which cannot be sold by it unless registered under the 1933 Act or an exemption therefrom is available thereunder. The Purchaser has had both the opportunity to ask questions and receive answers from the officers and directors of Ladenburg and all persons acting on its behalf concerning the business and operations of Ladenburg and to obtain any additional information to the extent the Seller possess or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of such information.

SECTION 4.13 Compliance with Law; Customer Complaints.

(a) The businesses of the Purchaser Companies are, and since May 31, 1995 have been, conducted in compliance in all material respects with all applicable laws, rules, regulations, court or administrative orders and processes and rules, directives and orders of regulatory and self-regulatory agencies and bodies (including, without limitation, the 1934 Act, the Investment Advisers Act of 1940, as amended, and any laws, rules, regulations, orders and directives that relate to broker-dealer regulation, consumer protection, products and services, proprietary rights, anti-competitive practices, collective bargaining, ERISA, equal opportunity and improper payments), except

as would not reasonably be expected, singly or in the aggregate, to be materially adverse to the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. Except as set forth in Schedule 4.13(a), the Purchaser Companies (i) are not, and since May 31, 1995 have not been, in violation of, or not in compliance with, in any material respect, any

such applicable law, rule, regulation, order, directive or process with respect to the conduct of their respective businesses, and (ii) have not received any notice from any governmental authority or regulatory or self-regulatory agency or body, and to the Purchaser's Knowledge none is threatened, alleging that any of the Purchaser Companies is violating or has, since May 31, 1995, violated, or is not complying or has not, since May 31, 1995, complied with, any of the foregoing the effect of which, individually or in the aggregate with other such violations and non-compliance, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

(b) Customer complaints reportable on Form U-4 or otherwise which have been made against any of the Purchaser Companies or any of their registered representatives since May 31, 1995 are set forth in Schedule 4.13(b) and copies of each such complaint have been furnished or made available to the Selling Parties. Such complaints which are pending as of the date of this Agreement are appropriately noted on Schedule 4.13(b). The balance sheet included in Purchaser's financial statements as of December 31, 2000 (the "Purchaser Balance Sheet") contains adequate reserves to the extent required by GAAP for the costs (including costs of settlement, judgments and attorneys' fees and expenses) to be incurred by the Purchaser Companies in connection with all customer complaints pending as of its date. Except as disclosed in Schedule 4.13(b), none of such complaints which have been disposed of as of the date hereof requires any payment or other action to be made by any of the Purchaser Companies after the date of this Agreement in excess of $50,000 with respect to any single claim.

SECTION 4.14 Licenses, Permits, Etc. Except as set forth in Schedule 4.14, the Purchaser Companies and their officers, directors and employees possess all applicable Permits including those necessary to enable them to sell securities in any jurisdiction in which any of the Purchaser Companies engages in the sale of securities, and those necessary to own and operate the business of the Purchaser Companies, except where the failure to obtain or possess such Permits would not in the aggregate reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. True, complete and correct copies of such Permits have previously been delivered to the Purchaser. All such Permits are in full force and effect and the Purchaser Companies and their officers, directors and employees have complied in all material respects with all terms of such Permits. The Purchaser Companies are not in default in any material respect under any of such Permits and no event has occurred and no condition exists which, with the giving of notice, the passage of time, or both, would constitute such a default thereunder. Schedule 4.14 includes a listing of all branch offices of the Purchaser Companies, including their addresses and dates of approval from appropriate state regulatory authorities to operate such branch offices.

SECTION 4.15 Real Property; Leased Properties; Contracts.

(a) None of the Purchaser Companies owns any real property.

(b) All Leases for the real property leased by the Purchaser Companies are listed on Schedule 4.15(b), and copies thereof have been furnished to the Selling Parties.

(c) All material Contracts to which any of the Purchaser Companies is a party are listed on Schedule 4.15(c). For purposes of this Section 4.15, a material lease, contract or commitment means any lease, contract or commitment which cannot be terminated on 30 days notice or less without material cost and, if requiring the payment of money, pursuant to which the unliquidated amount required to be paid by a Purchaser Company or which a Purchaser Company is entitled to receive, as of the date hereof, is $100,000 or more. Copies of the

Contracts in the Purchaser Companies have been furnished to the Selling Parties.

(d) All Contracts and Leases of the Purchaser Companies are valid and binding agreements of the relevant Purchaser Companies, enforceable in accordance with their terms, and there is no default by any of the Purchaser Companies, or, to the Purchaser's Knowledge, any other party thereto, under any such Contract or Lease, except for such defaults which, singly or in the aggregate, would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. None of the other parties to the Contracts or Leases has notified any of the Purchaser Companies of any intention to terminate its Contract or Lease.

(e) The Clearance Agreement dated April 30, 1985 between GBI Capital Partners, Inc. and Bear Stearns & Co., Inc. may be terminated by GBI Capital Partners, Inc. at any time on no more than 90 days prior written notice.

SECTION 4.16 Litigation. Except as set forth in Schedule 4.16, there are no Proceedings (including arbitrations with any registered representative or customer of any Purchaser Company) pending or, to the Purchaser's Knowledge, threatened or reasonably likely to be asserted against any Purchaser Company at law or in equity before any court, federal, state, municipal or other governmental department or agency or other tribunal. Except as set forth in Schedule 4.16, no such Proceeding would reasonably be expected to have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated hereby or have a material adverse effect on the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. None of the Purchaser Companies or their property is subject to any order, judgment, injunction or decree which would reasonably be expected to materially adversely affect the business, assets, prospects or financial condition of the Purchaser Companies taken as a whole.

SECTION 4.17 Taxes, Tax Returns and Audits. (a) All material federal, state, local and foreign Taxes due and payable by the Purchaser Companies for all periods ending on or before December 31, 2000, have been paid in full or have been adequately reserved against on the Purchaser Balance Sheet as required by GAAP; (b) the Purchaser Companies have filed all material federal, state, local and foreign income, excise, property, sales, social security, information

returns, and other Tax Returns required to have been filed by them, or, as set forth in Schedule 4.17, extensions of the time for filing such Returns are presently in effect; the Returns that have been filed have been accurately prepared and have been timely filed except for such inaccuracies as would not reasonably be expected to have a material adverse effect on the Purchaser Companies; (c) except as set forth in Schedule 4.17, there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Return or the payment of any Tax by any of the Purchaser Companies other than Taxes that have been adequately reserved or are not material; and (d) except as set forth in Schedule 4.17, there are no actions, suits, proceedings, investigations or claims pending or, to the Purchaser's Knowledge, threatened against any Purchaser Company in respect of Taxes or any matter under discussion with any governmental authority relating to Taxes asserted by any such authority other than Taxes that have been adequately reserved or are not material.

SECTION 4.18 Employment Agreements and Bonus Plans. Except as set forth in Schedule 4.18, there are, and have been, no bonus, stock option, incentive or other compensation plans, arrangements, agreements, or programs between any of the Purchaser Companies and any of its employees, including but not limited to any thereof relating to severance, and there are no employment, severance,

change in control or other agreements or arrangements between any of the Purchaser Companies and any of its employees which are not terminable by a Purchaser Company on more than thirty (30) days notice without liability, penalty or premium.

SECTION 4.19 Employee Plans.

(a) Except as set forth on Schedule 4.19, none of the Purchaser Companies maintains or contributes to, has maintained or contributed to or is or was a party to a participating employer in, or a sponsor or contributor to any Employee Benefit Plan. None of the Purchaser Companies is a party to any multiemployer plan as defined in Section 3(37) of ERISA.

(b) Except as set forth on Schedule 4.19 or as would not reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole, each Employee Benefit Plan (i) except with respect to any Employee Benefit Plan not intended to qualify under Section 401(a) of the Code, has received a determination letter from the Internal Revenue Service to the effect that such plan satisfies the requirements of Section 401(a) of the Code and that any related trust is exempt from tax pursuant to Section 501(a) of the Code; (ii) has been operated in all material respects in accordance with the provisions thereof, ERISA, the Code and all other applicable law; (iii) has not engaged in any prohibited transactions (as such term is defined for purposes of ERISA and the Code) (other than those that are exempt pursuant to statute, regulation or otherwise) which would subject any of the Purchaser Companies to a material liability under Section 4975 of the Code or a penalty under Section 502(i) of ERISA; (iv) has not, since the last annual report filed, been amended so as to materially increase benefits thereunder (other than as a direct or indirect result of changes in applicable law or regulations) or experienced a material increase (more than 20%) in the number of participants covered thereunder; and (v) if terminated on the date hereof, would not subject any of the Purchaser Companies to liability in excess of $25,000 to the PBGC pursuant to the provisions of Title IV of ERISA.

(c) Except as set forth in Schedule 4.19, there are no Employee Welfare Plans maintained by any of the Purchaser Companies or to which any of the Purchaser Companies contributes or is required to contribute.

(d) The Purchaser has furnished to the Selling Parties true and complete copies of the following items with respect to each Employee Benefit Plan and each Employee Welfare Plan of the Purchaser Companies (i) each plan document; (ii) each related trust document; (iii) each determination letter issued by the Internal Revenue Service relating to qualification of the respective plans under the Code; (iv) the most recently filed annual reports, if any; and (v) the most recent actuarial valuation, if any.

(e) Each of the Purchaser Companies has filed all reports and other documents required to be filed with any governmental agency with respect to the Employee Benefit Plans and Employee Welfare Plans of the Purchaser Companies or has received currently effective extensions for any such reports and other documents which have not been filed other than any failure to file which would not reasonably be expected to have a material adverse effect upon the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

SECTION 4.20 Insurance Policies. Schedule 4.20 sets forth a complete list of all material insurance policies maintained by the Purchaser Companies and which are in force as of the date hereof.

SECTION 4.21 Intangible Rights. Set forth in Schedule 4.21 is a list of all material trademarks, trade names, copyrights and applications therefor owned

by or registered in the name of any of the Purchaser Companies or in which any of the Purchaser Companies has any rights as licensee or otherwise, and which are presently used in the operation of the Purchaser Companies' businesses (other than packaged computer software that is used in accordance with the licenses therefor). Except as disclosed in Schedule 4.21, no interest in any of such material trademarks, trade names, copyrights or applications therefor, or any trade secrets owned or used by any Purchaser Company, has been assigned, transferred or licensed to any third party by a Purchaser Company, and to the Purchaser's Knowledge there is no infringement or asserted infringement by any Purchaser Company of any trademarks, trade names, copyrights or application therefor of another the effect of which, in either case, individually or in the aggregate, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. Except as disclosed in Schedule 4.21, (i) no claim is pending by any of the Purchaser Companies against others to the effect that the present or past operations of such parties infringe upon or conflict with the rights of such Purchaser Company, and, to the Purchaser's Knowledge, no reasonable grounds for such action exist, and (ii) to the Purchaser's Knowledge, there are no pending or threatened cancellations or revocations of any agreement granting to any Purchaser Company rights under trademarks, trade names, copyrights or "know-how" of others, the effect of which, individually or in the aggregate, could reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

SECTION 4.22 Title to Properties. Each of the Purchaser Companies has good title to all its tangible personal properties and assets material, individually or in the aggregate, to the business of the Purchaser Companies. Except for Liens (i) reflected in the Purchaser Financial Statements or (ii) relating to margin requirements or other borrowings in respect of securities positions, none of such properties and assets is subject to any Lien or adverse claim of any nature whatsoever, direct or indirect, whether accrued, absolute, contingent or otherwise, other than (i) any Lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any statutory Lien arising in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent and (iii) any minor imperfection in title or similar Lien which individually or in the aggregate with such other Liens would not reasonably be expected to materially adversely affect the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole. The tangible properties and assets owned or leased by the Purchaser Companies are, in all material respects, in good operating condition and repair, ordinary wear and tear excepted.

SECTION 4.23 No Guarantees. Other than as incurred in the ordinary course of business, none of the Purchaser Companies is a party to or bound by any agreement of guarantee, indemnification, assumption, or endorsement or any other like commitment in an amount in excess of $50,000 in any single instance and $500,000 in the aggregate to satisfy the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, firm or corporation other than another Purchaser Company.

SECTION 4.24 Labor Matters. None of the Purchaser Companies is a party to any collective bargaining agreement or other labor union contract applicable to persons employed by it in connection with the operation of its business.

SECTION 4.25 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser other than the fees of any investment banking firms engaged by the Purchaser, the fees of which will be paid by the Purchaser.

SECTION 4.26 Records. To the Purchaser's Knowledge, the books of account, minute books, stock certificate books and stock transfer ledgers of the Purchaser Companies are complete and correct in all material respects, and there have been no material transactions involving any of the Purchaser Companies which are required to be set forth therein and which have not been so set forth.

SECTION 4.27 No Undisclosed Liabilities. Except as set forth in Schedules 4.13(a), 4.13(b), 4.16 and 4.27 and pursuant to executory provisions under the Contracts and Leases to which any Purchaser Company is a party, none of the Purchaser Companies has any liabilities, whether known or unknown, absolute, accrued, contingent or otherwise of a nature that would be required to be reflected on a consolidated balance sheet of the Purchaser Companies (including the footnotes), except (a) as and to the extent disclosed, reflected

or reserved against the Purchaser Balance Sheet, including all notes thereto, (b) those incurred since December 31, 2000 in the ordinary course of business and consistent with prior practice, and (c) those which would not reasonably be expected to materially and adversely affect the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

SECTION 4.28 No Illegal or Improper Transactions. Since May 31, 1995, no Purchaser Company or any officer, director, employee, agent or Affiliate of any of the Purchaser Companies on their behalf has offered, paid or agreed to pay to any person or entity (including any governmental official) or solicited, received or agreed to receive from any such person or entity, directly or indirectly, any money or anything of value for the purpose or with the intent of (a) obtaining or maintaining business for a Purchaser Company, (b) facilitating the purchase or sale of any product or service, or (c) avoiding the imposition of any fine or penalty, in any manner which is in violation of any applicable ordinance, regulation or law, the effect of which, individually or in the aggregate, would reasonably be expected to be materially adverse to the business, assets, prospects or financial condition of the Purchaser Companies, taken as a whole.

SECTION 4.29 Related Transactions. Except as set forth in the Purchaser SEC Filings and Schedule 4.29 and except for compensation to employees for services rendered and brokerage accounts in the ordinary course, neither the Purchaser nor, to the Purchaser's Knowledge, any director, officer, employee or shareholder or any associate (as defined in the rules promulgated under the 1934 Act) of any of the Purchaser Companies is presently, or since January 1, 1998 has been a party to any material transaction with any of the Purchaser Companies (including, but not limited to, any contract, agreement or other arrangements providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer, employee or shareholder or such associate).

SECTION 4.30 Bank Accounts. Schedule 4.30 sets forth the name of each bank in which any of the Purchaser Companies has an account or safe deposit box, vault, lock-box or other arrangement, the account number and description of each account at each bank and the names of all persons authorized to draw thereon or to have access thereto; and the names of all persons, if any, holding tax or other powers of attorney from any of the Purchaser Companies other than in the ordinary course of business.

SECTION 4.31 Certain Brokerage Matters.

(a) None of the Purchaser Companies has in effect any "soft dollar" arrangements with any of its customers that do not come within the "safe harbor" provisions of Section 28(e) of the 1934 Act.

(b) All sales literature used by the Purchaser Companies since May 31, 1995 does not contain any misstatement of a material fact and does not omit to state a material fact necessary to make the statements therein not misleading in the light of the circumstances in which such statements are made.

SECTION 4.32 Survival of Representations and Warranties. The representations and warranties of the Purchaser set forth in this Agreement shall survive the Closing for a period of two years after the Closing Date, except that the representations and warranties in Sections 4.1 and 4.3 shall survive without limitation as to time and the representations and warranties in Section 4.17 shall survive for a period of two months after the expiration of the statute of limitations for each respective Tax (as extended from time to time).

ARTICLE V
COVENANTS

SECTION 5.1 Conduct of Business. Except as set forth in Schedule 5.1(a) with respect to the Selling Parties and Schedule 5.1(b) with respect to the Purchaser, from the date hereof through the Closing Date, except as otherwise set forth in this Agreement, the Selling Parties shall cause the Ladenburg Companies to, and the Purchaser shall, as applicable:

(a) conduct their respective businesses only in the ordinary course and in a manner consistent with the current practice of such businesses, and use commercially reasonable efforts, to the extent they believe in their respective best interests, to preserve substantially intact their respective business organizations, keep available the services of their respective current employees (subject to dismissals and retirements in the ordinary course), preserve their respective current relationships with key customers and other persons with which they have significant business relations and comply with all requirements of law the violation of which would reasonably be expected to have a material adverse effect on the business, assets, prospects or financial condition of such Party, taken as a whole;

(b) not pledge, sell, transfer, dispose of or otherwise encumber or grant any rights or interests to others of any kind with respect to all or any part of the capital stock of any of the Ladenburg Companies or the Purchaser Subsidiaries or enter into any discussions or negotiations with any other party to do so;

(c) not pledge, sell, lease, transfer, dispose of or otherwise encumber any material property or assets of any of the Ladenburg Companies or the Purchaser Companies other than consistent with past practices and in the ordinary course of business or enter into any discussions or negotiations with any other party to do so;

(d) not issue any shares of capital stock of any Ladenburg Company or Purchaser Company, any securities convertible into or exchangeable for capital stock of any Ladenburg Company or Purchaser Company or any other class of securities, whether debt (other than debt incurred in the ordinary course of business and consistent with past practice) or equity, of any Ladenburg Company or Purchaser Company, as the case may be, other than, in the case of the Purchaser, pursuant to stock option plans in existence on the date of this Agreement;

(e) not declare any dividend or make any distribution in cash, securities or otherwise on the outstanding shares of capital stock of any

Ladenburg Company or Purchaser Company, as the case may be, or directly or indirectly redeem or purchase any such capital stock, except that the Ladenburg Subsidiaries and the Purchaser Subsidiaries may pay dividends to their parents;

(f) not, in any manner whatsoever, advance, transfer (other than pursuant to contracts in existence on the date hereof or in payment for goods received or services rendered in the ordinary course of business) or distribute to a stockholder of any of the Ladenburg Companies or the Purchaser Companies or any of their respective Affiliates or otherwise withdraw cash or cash equivalents in any manner inconsistent with established cash management practices, except to pay existing indebtedness;

(g) not make, agree to make or announce any general wage or salary increase or enter into any employment contract or, unless provided for on or before the date of this Agreement, increase the compensation payable or to become payable to any officer or employee of any of the Ladenburg Companies or the Purchaser Companies or adopt or increase the benefits of any bonus, insurance, pension or other employee benefit plan, payment or arrangement, except for those increases, consistent with past practices, normally occurring as the result of regularly scheduled salary reviews and increases, normal year-end bonuses in amounts and to persons consistent with prior practice and increases directly or indirectly required as a result of changes in applicable law or regulations;

(h) not make any capital expenditures in excess of $100,000 in the aggregate;

(i) not amend the Certificate or Articles of Incorporation or By-Laws of any of the Ladenburg Companies or Purchaser Companies;

(j) not merge or consolidate with, or acquire all or substantially all of the assets of, or otherwise acquire any business operations of, any person or entity; and

(k) not enter into any agreement with respect to any of the foregoing.

SECTION 5.2 Access to Information; Confidentiality. Between the date of this Agreement and the Closing Date, New Valley and Ladenburg will permit the Purchaser and its Representatives and the Purchaser will permit Sellers and their Representatives reasonable access to all of the books, records, reports and other related materials, offices and other facilities and properties of the Ladenburg Companies or the Purchaser Companies, as the case may be, and to make such inspections thereof as it may reasonably request; and New Valley and Ladenburg will furnish the Purchaser and its Representatives and the Purchaser will furnish New Valley and its Representatives with such financial and operating data (including without limitation the work papers) and other information with respect to the Ladenburg Companies or the Purchaser Companies, as the case may be, and as it may from time to time reasonably request. Any such information or material obtained pursuant to this Section 5.2 that constitutes "Evaluation Material" (as such term is defined in the letter agreement dated as

of November 8, 2000 among New Valley, Ladenburg and the Purchaser (the "Confidentiality Agreement")) shall be governed by the terms of the Confidentiality Agreement.

SECTION 5.3 Maintenance of Assets; Insurance.

(a) New Valley and Ladenburg shall, and shall cause the Ladenburg Companies to, continue to maintain and service the assets of the Ladenburg Companies consistent with past practice. Through the Closing Date, New Valley

and Ladenburg shall cause the Ladenburg Companies to maintain insurance policies providing insurance coverage for the business and the assets of the Ladenburg Companies substantially of the kinds, in the amounts and against the risks as are currently in effect.

(b) The Purchaser shall, and shall cause the Purchaser Subsidiaries to, continue to maintain and service the assets of the Purchaser Companies consistent with past practice. Through the Closing Date, the Purchaser shall, and shall cause the Purchaser Subsidiaries to, maintain insurance policies providing insurance coverage for the business and the assets of the Purchaser Companies substantially of the kinds, in the amounts and against the risks as are currently in effect.

SECTION 5.4 Non-Use of Name. From and after the Closing Date, neither New Valley nor any of its Affiliates shall establish or otherwise be associated with, as an owner, partner, shareholder, employee or otherwise, any firm other than the Purchaser engaged in any aspect of the securities business which utilizes the name "Ladenburg" or any variant thereof as part of its business name or grant to any other person or entity the right to use any such name or any variant thereof in connection with any aspect of the securities business. The foregoing notwithstanding, New Valley subsidiaries organized outside the United States that have the word "Ladenburg" in their names (all of which are listed in Schedule 5.4) may retain such names until they are changed pursuant to the following sentence. As promptly as possible after the Closing, New Valley shall cause each of its subsidiaries referred to in the previous sentence to change its name to some other name not utilizing the name "Ladenburg" as any part thereof and from and after the Closing and prior to the date on which its name is so changed shall, to the extent allowed under local law, conduct all its business under such other name or a derivation thereof as an assumed name.

SECTION 5.5 No Other Negotiations. Until the earlier of the Closing or the termination of this Agreement, none of the Selling Parties shall (a) solicit, encourage, directly or indirectly, any inquiries, discussions or proposals for, (b) continue, propose or enter into any negotiations or discussions looking toward or (c) enter into any agreement or understanding providing for any acquisition of any capital stock of any Ladenburg Company or except in the ordinary course of business, any part of their respective assets, nor shall any of the Selling Parties provide any information to any Person for the purpose of evaluating or determining whether to make or pursue any such inquiries or proposals with respect to any such acquisition. Each Selling Party shall immediately notify the Purchaser of any such inquiries or proposals or requests for information for such purpose. Each of the Selling Parties shall use its best efforts to cause its directors, officers, employees, agents and Representatives to comply with the provisions of this Section.

SECTION 5.6 No Securities Transactions. Other than in the ordinary course of business, no Party shall engage in any transactions involving the securities of the other Parties hereto prior to the time of the making of a public announcement of the transactions contemplated by this Agreement. The Parties shall use their best efforts to cause their respective officers, directors, employees, agents and Representatives to comply with the foregoing requirement.

SECTION 5.7 Cancellation of Intercompany Agreements. Except for the agreements listed on Schedule 5.7(a), the New Valley Parties, Ladenburg and Berliner hereby terminate and cancel, effective upon the Closing, all agreements between or among any of them to which Ladenburg is a party, including without limitation the Shareholders' Agreement dated December 8, 1999, among Berliner, LTGI, New Valley and Ladenburg, which termination and cancellation also terminates and cancels all options to purchase shares of Ladenburg Stock granted by New Valley or any of its Affiliates to Berliner. All such terminated

agreements are listed on Schedule 5.7(b).

SECTION 5.8 Disclosure of Certain Matters. During the period from the date hereof through the Closing Date, except as prohibited by law, each Party shall give each other Party prompt written notice of any event or development known to such Party that (a) had it existed or been known on the date hereof would have been required to be disclosed by it under this Agreement, (b) would cause any of its representations and warranties contained herein to be inaccurate or otherwise misleading, (c) could reasonably be expected to result in any of the conditions to the Purchaser's obligations (in the case of the Selling Parties), or the Selling Parties' obligations (in the case of the Purchaser), set forth in Article VI not being satisfied or (d) is materially adverse to the business, assets, prospects or financial condition of any of the Ladenburg Companies, taken as a whole (in the case of the Selling Parties), or the Purchaser Companies, taken as a whole (in the case of the Purchaser).

SECTION 5.9 Non-Competition. New Valley hereby agrees that it will not, and will cause all of its subsidiaries not to, during the 30 month period commencing on the Closing Date, within the United States, directly or indirectly, (i) engage in the broker-dealer business, whether as an owner (other than as an owner of less than 5% of the shares of any publicly traded company) or an investor or any other capacity whatsoever; (ii) hire or solicit for employment (other than general public solicitations not directed at any specific person or group) any employee of any Ladenburg Company or Purchaser Company or any Person who was such an employee within six months of such hiring or solicitation; or (iii) interfere with, disrupt or attempt to disrupt the relationship between any Ladenburg Company, Purchaser or Purchaser Subsidiary and any of its lessors or customers. Notwithstanding clause (i) above, nothing herein shall prohibit New Valley and such Affiliates from making investments for their own accounts or from owning Purchaser Common Stock or engaging in any transactions contemplated by the Transaction Documents. New Valley expressly waives any right to assert inadequacy of consideration as a defense to enforcement of the non-competition provision of this Section 5.9 should such enforcement ever become necessary. New Valley also acknowledges that a remedy at law for any breach or attempted breach of this Section 5.9 will be inadequate and further agrees that any breach of this Section 5.9 will result in irreparable harm to the business of the Ladenburg Companies and the Purchaser Companies, and covenants and agrees not to oppose any demand for specific performance and injunctive and other equitable relief in case of any such breach or attempted breach. Whenever possible, each provision of this Section 5.9 shall

be interpreted in such manner as to be effective and valid under applicable law but if any provision of this Section 5.9 shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Section 5.9. If any provision of this Section 5.9 shall, for any reason, be judged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair or invalidate the remainder of this Section 5.9 but shall be confined in its operation to the provision of this Section 5.9 directly involved in the controversy in which such judgment shall have been rendered. In the event that the provisions of this Section 5.9 should ever be deemed to exceed the time or geographic limitations permitted by the applicable laws, then such provision shall be reformed to the maximum time or geographic limitations permitted by applicable law.

SECTION 5.10 Stockholder Meeting. The Purchaser shall cause a meeting of its stockholders (the "Purchaser Stockholder Meeting") to be duly called and held as soon as reasonably practicable after the date of execution of this Agreement for the purposes of voting on (a) the issuance by Purchaser of shares of Purchaser Common Stock and the acquisition by Purchaser of the LTI Stock

pursuant to the terms of the Transaction Documents, (b) election of the directors listed on Schedule 2.8(a), (c) the change of the corporate name of the Purchaser to "Ladenburg Thalmann Financial Services, Inc." effective upon the Closing, and (d) such other matters as may be mutually agreed upon by the Parties. In connection with such meeting, the Purchaser (i) will mail to its stockholders as promptly as practicable the Proxy Statement referred to in Section 5.11 and all other proxy materials for such meeting, (ii) will use its best efforts to obtain the necessary approvals by its stockholders of such matters and any related matters (the "Stockholder Approval") and (iii) will otherwise comply with all legal requirements applicable to such meeting. In the event that the Stockholder Approval is not obtained on the date on which the Purchaser Stockholder Meeting is initially convened, the Board of Directors of the Purchaser shall adjourn the Purchaser Stockholder Meeting from time to time as necessary for the purpose of obtaining the Stockholder Approval and shall use its best efforts during any such adjournments to obtain the Stockholder Approval.

SECTION 5.11 Proxy Statement.

(a) The Purchaser will prepare and file with the Commission as soon as reasonably practicable after the date of execution of this Agreement a proxy statement under the 1934 Act with respect to the matters to be acted upon at the Purchaser Stockholder Meeting (the "Proxy Statement") and will distribute such Proxy Statement to its stockholders in connection with the Purchaser Stockholder Meeting. The Purchaser, New Valley and Berliner shall cooperate with each other in the preparation of the Proxy Statement and any amendment or supplement thereto. The Purchaser shall notify New Valley and Berliner of the receipt of any comments of the Commission with respect to the Proxy Statement and any

requests by the Commission for any amendment or supplement thereto or for additional information, and shall provide to them promptly copies of any correspondence between the Purchaser or any of its Representatives and the Commission with respect to the Proxy Statement. The Purchaser shall give New Valley and Berliner and their counsel the opportunity to review the Proxy Statement and all responses to requests for additional information by and replies to comments of the Commission before their being filed with, or sent to, the Commission. The Purchaser will use its best efforts, after consultation with the other Parties, to respond promptly to all such comments of and requests by the Commission and to cause the Proxy Statement to be mailed to the holders of Purchaser Common Stock entitled to vote at the Purchaser Stockholder Meeting at the earliest practicable time.

(b) The Purchaser, acting through its Board of Directors, shall include in the Proxy Statement the recommendation of its Board of Directors that the stockholders of the Purchaser vote in favor of the matters presented in the Proxy Statement for approval by vote of the stockholders and shall otherwise use its reasonable best efforts to obtain the Stockholder Approval.

SECTION 5.12 Information Supplied. The Purchaser covenants that the documents to be filed by it with the Commission or any other governmental or regulatory authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the requirements of the 1934 Act and other applicable regulatory requirements, and will not, on the date of its filing or at the date the Proxy Statement is mailed to stockholders of the Purchaser or at the time of the Purchaser Stockholder Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that the foregoing shall not apply with respect to information supplied in writing by or on behalf of the New Valley Parties or Berliner expressly for

inclusion therein.

SECTION 5.13 Information for Proxy Statement. The Selling Parties covenant that they will cooperate with the Purchaser in the preparation of the Proxy Statement and will furnish to the Purchaser all information concerning themselves and the Ladenburg Companies as the Purchaser or its counsel may reasonably request and that is required or customary for inclusion in the Proxy Statement. The Selling Parties further covenant that all written information furnished by the Selling Parties for inclusion in the Proxy Statement will comply in all material respects with the applicable provisions of the 1934 Act and will not at the time of the mailing of the Proxy Statement or at the time of the Purchaser Stockholder Meeting contain any untrue statement of a material fact or omit to state any material fact required to be stated therein and necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

SECTION 5.14 Intercompany Debt. On or before the Closing, New Valley and its subsidiaries, on the one hand, and the Ladenburg Companies, on the other hand, shall pay to one another all monetary obligations owing by New Valley or any of its subsidiaries to any of the Ladenburg Companies or by any of the

Ladenburg Companies to New Valley or any of its Affiliates, as set forth on Schedule 5.14(a). All intercompany debt as of December 31, 2000 or thereafter incurred which is not to be paid on or before the Closing is listed in Schedule 5.14(b).

SECTION 5.15 General Release. After giving effect to payments required to be made pursuant to Section 5.14, New Valley, on behalf of itself and its subsidiaries, hereby releases the Ladenburg Companies, effective as of the Closing, from all obligations owing to any of them by any of the Ladenburg Companies, to the extent that any of such obligations shall exist on the Closing Date except such obligations as are listed on Schedule 5.14(b) or arise under or in connection with the Transaction Documents and the transactions contemplated thereby. After giving effect to payments required to be made pursuant to Section 5.14, Ladenburg, on behalf of itself and the Ladenburg Subsidiaries, hereby releases, effective as of the Closing, New Valley and its subsidiaries from all obligations owing to any of them by New Valley or any of its subsidiaries to the extent that any of such obligations shall exist on the Closing Date except such obligations as are listed on Schedule 5.14(b) or arise under or in connection with the Transaction Documents and the transactions contemplated thereby.

SECTION 5.16 No Purchaser Solicitations. Prior to the Closing, the Purchaser agrees (a) that neither it nor any of its subsidiaries or other Affiliates shall, and they shall use their best efforts to cause their respective Representatives not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any proposal or offer (including, without limitation, any proposal or offer to Purchaser shareholders) with respect to a merger, consolidation or other business combination including the Purchaser or any of its subsidiaries, or any acquisition or similar transaction (including, without limitation, a tender or exchange offer) involving the purchase of all or any significant portion of the assets of the Purchaser and its subsidiaries taken as a whole or 20% or more of the outstanding shares of Purchaser Common Stock or the issuance of shares of Purchaser Common Stock which would constitute, after issuance, 20% or more of the shares of Purchaser Common Stock then outstanding (any such transaction, other than the transactions contemplated by this Agreement, being hereinafter referred to as a "Purchaser Alternative Transaction"), or engage in any negotiations concerning, or provide any confidential information or data to or have any discussions with any person relating to, or otherwise facilitate any effort or attempt to make or implement, a Purchaser Alternative Transaction; (b) that it will immediately cease and cause to be terminated any existing

activities, discussions or negotiations with any person with respect to any of the foregoing, and it will take the necessary steps to inform such person of its obligation under this Section; and (c) that it will notify the Sellers within 24 hours if any such inquiries, proposals or offers are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with it by any person; provided, however, that nothing contained in this Section 5.16 or in Section 5.11 shall prohibit the Board of Directors of the Purchaser from (i) furnishing information to or entering into discussions or negotiations with any person that makes a bona fide unsolicited written proposal for a Purchaser Alternative Transaction if, and only to the extent that, (A) the Board of Directors of the Purchaser concludes in good faith that such proposal is reasonably likely to result in a Superior Purchaser Transaction, (B) the Board of Directors of the Purchaser, based upon the advice of outside counsel, determines in good faith that such action is required for the Board of Directors to comply with its fiduciary duties to shareholders imposed by law, (C) the Purchaser shall have entered into a

confidentiality agreement with such person in customary form and having terms and conditions no less favorable to the Purchaser than the Confidentiality Agreement, (D) prior to furnishing such information to, or entering into discussions or negotiations with, such person, the Purchaser provides written notice to the Sellers to the effect that it is furnishing information to, or entering into discussions or negotiations with, such person, which notice shall identify such person and the proposed terms of such Purchaser Alternative Transaction in reasonable detail, and (E) the Purchaser keeps the Sellers informed of the status and all material information with respect to any such discussions or negotiations; and (ii) to the extent required, complying with Rules 14d-9 and 14e-2 promulgated under the 1934 Act with regard to any proposal relating to a Purchaser Alternative Transaction. Nothing in this Section 5.16 shall (x) permit the Purchaser to terminate this Agreement (except in accordance with Section 8.1), (y) permit the Purchaser to enter into any agreement with respect to a Purchaser Alternative Transaction for so long as this Agreement remains in effect (other than a confidentiality agreement under the circumstances described above), or (z) affect any other obligation of the Purchaser under this Agreement. For purposes of this Agreement, "Superior Purchaser Transaction" means any Purchaser Alternative Transaction which (i) relates to more than 50% of the outstanding shares of Purchaser Common Stock or the issuance or potential issuance of shares of Purchaser Common Stock which would constitute, after issuance, 50% or more of the shares of Purchaser Common Stock then outstanding or all or substantially all of the assets of the Purchaser and its subsidiaries taken as a whole, (ii) is not conditioned on the receipt of financing, (iii) is made by a person who the Board of Directors of the Purchaser has reasonably concluded in good faith will have adequate sources of financing to, and will not encounter significant regulatory obstacles in order to, consummate such Purchaser Alternative Transaction and (iv) is on terms that the Board of Directors of the Purchaser determines in its good faith judgment (based on the written advice of a financial advisor of nationally-recognized reputation, taking into account all the terms and conditions of the Purchaser Alternative Transaction, including any break-up fees, expense reimbursement provisions and conditions to consummation) are more favorable and provide greater value to all of the Purchaser's stockholders than this Agreement and the transactions contemplated hereby taken as a whole.

SECTION 5.17 Additional Agreements. Concurrently with the execution of this Agreement, the Parties and certain other persons have executed and delivered the following agreements, the effectiveness of each of which is subject to the Closing:

(a) an Investor Rights Agreement among the Purchaser, New Valley, the Sellers, the Lender and Messrs. Richard Rosenstock, Mark Zeitchick, David

Thalheim and Vincent Mangone (the latter four persons collectively, the "Principals"), in the form of Exhibit E annexed hereto;

(b) an Employment Agreement between Ladenburg and Victor M. Rivas, in the form of Exhibit F annexed hereto;

(c) Amendments to Employment Agreements between GBI Capital Partners, Inc. and, separately, each of the Principals and Joseph Berland, in the forms of Exhibits G-1, G-2, G-3, G-4 and G-5, respectively, each of which shall be guaranteed by the Purchaser;

(d) a Stock Purchase Agreement between Joseph Berland and LTGI pursuant to which Mr. Berland shall sell to LTGI an aggregate of 3, 945,060 shares of Purchaser Common Stock, in the form of Exhibit H annexed hereto.

SECTION 5.18 Financing. From the date hereof through the Closing Date, the Purchaser shall not amend, modify or otherwise alter the terms and conditions pursuant to which the Lender is to provide the Purchaser with funds as set forth in Section 4.11.

SECTION 5.19 Continuation of Insurance.

(a) Subsequent to the Closing, for a period of two years thereafter, the Purchaser shall cause Ladenburg to, and Ladenburg shall, continue to maintain the insurance policies listed on Schedule 5.19(a).

(b) For a period of six (6) years after the Closing Date, the Purchaser shall maintain in effect the current policies of directors' and officers' liability insurance maintained by the Purchaser to the extent that such policies provide coverage for the Purchaser's directors and officers (or policies of at least the same coverage and amounts containing terms and conditions that are no less advantageous) with respect to claims arising from facts or events that occurred before the Closing Date; provided further that Purchaser shall not be required to maintain such policies to the extent that the annual premiums (or incremental annual premiums in the case of substitute policies that provide coverage to other Persons or for other matters) exceed 200% of the most recent annual premium paid for such policies by the Purchaser.

(c) The Purchaser shall remain liable for any indemnification obligations to its current directors and officers in all capacities, in which such directors or officers served the Purchaser prior to the Closing Date, as set forth in the Purchaser's Articles of Incorporation and By-Laws as they exist on the date hereof to the extent such indemnification by the Purchaser is permitted under the Florida Business Corporation Act.

(d) If, after the Closing Date, the Purchaser or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of the Purchaser assume the obligations set forth in this Section 5.19.

(e) The provisions of this Section 5.19 are intended to be for the benefit of, and shall be enforceable by, each indemnified party and his or her heirs and representatives.

SECTION 5.20 AMEX Listing. The Purchaser shall use its best efforts to cause the shares of Purchaser Common Stock to be issued pursuant to Section 1.3 including, when applicable, those shares to be issued upon conversion of the Notes to be approved for listing or admitted for trading on AMEX, subject to official notice of issuance, prior to the Closing Date.

SECTION 5.21 Further Action. Each of the Parties shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby. Upon the terms and subject to the conditions hereof, each of the Parties shall use its reasonable best efforts to take, or cause to be taken, all reasonable actions and to do, or cause to be done, all other things reasonably necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement.

SECTION 5.22 Schedules. The Parties shall have the obligation to supplement or amend the Schedules being delivered concurrently with the execution of this Agreement and annexed hereto with respect to any matter known to them hereafter arising or discovered which, if existing or known at the date of this Agreement, would have been required to be set forth or described in the Schedules. The obligations of the Parties to amend or supplement the Schedules being delivered herewith shall terminate on the Closing Date.

SECTION 5.23 Regulatory and Other Authorizations.

(a) The Parties will promptly make all necessary filings, provide reasonably requested information, and use their best efforts to obtain all authorizations, consents, orders and approvals of all federal, state and other regulatory bodies and officials that are required for the consummation of the transactions contemplated by this Agreement, including but not limited to the Commission, The New York Stock Exchange, Inc. ("NYSE"), the AMEX, NASD Regulation, Inc., the Department of Justice and the Federal Trade Commission and other self-regulatory agencies, and will cooperate fully with each other in connection therewith.

(b) Each Party will provide prompt notification to the others when any such consent, approval, action, filing or notice referred to in paragraph (a) above is obtained, taken, made or given, as applicable, and will advise the others of any communications (and, unless precluded by law, provide copies of any such communications that are in writing) with any governmental or regulatory authority regarding any of the transactions contemplated by this Agreement or any of the Transaction Documents.

ARTICLE VI
CONDITIONS TO CLOSING

SECTION 6.1 Conditions to Each Party's Obligations. The respective obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) Regulatory Approvals. The NYSE, the AMEX, NASD Regulation, Inc., the Department of Justice and the Federal Trade Commission and any other federal, state or local governmental agency or self-regulatory agency whose approval or consent is required for the consummation of the transactions contemplated by this Agreement each shall have unconditionally approved such

transactions (including, without limitation, issuing the approvals and consents listed in Schedules 3.12 and 4.5), and all required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired; and

(b) No Governmental Order or Regulation. There shall not be in effect any order, decree or injunction (whether preliminary, final or appealable) of a United States federal or state court of competent jurisdiction, and no regulation shall have been enacted or promulgated by any governmental authority or agency, that prohibits consummation of the transactions contemplated by this Agreement.

(c) Stockholder Approval. The Stockholder Approval shall be obtained by the necessary affirmative vote of the stockholders of the Purchaser with respect to each matter for which the Stockholder Approval shall be solicited pursuant to Section 5.10.

SECTION 6.2 Conditions to Obligations of the Selling Parties. The obligations of the Selling Parties to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Legal Opinion. The New Valley Parties and Berliner shall have received from Graubard Mollen & Miller, counsel to the Purchaser, a legal opinion addressed to the New Valley Parties and Berliner and dated the Closing Date, in the form of Exhibit I annexed hereto;

(b) Necessary Proceedings. All proceedings, corporate or otherwise, to be taken by the Purchaser in connection with the consummation of the transactions contemplated by this Agreement shall have been duly and validly taken, and copies of all documents, resolutions and certificates incident thereto, duly certified by officers of the Purchaser as of the Closing, shall have been delivered to the New Valley Parties and Berliner;

(c) Pledge and Security Agreement. The Purchaser shall have executed and delivered the Pledge and Security Agreement and shall have made the deliveries referred to in Section 2.5 to the collateral agent named therein;

(d) Deliveries. The Purchaser shall have delivered to the New Valley Parties and Berliner all documents required to be delivered by the Purchaser pursuant to the Purchaser Transaction Documents at or before the Closing; and

(e) Consents. The Purchaser shall have obtained and delivered to the New Valley Parties and Berliner the consents set forth in Schedule 4.5.

SECTION 6.3 Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Legal Opinion. The Purchaser shall have received from Milbank, Tweed, Hadley & McCloy LLP, special counsel to the New Valley Companies, a legal opinion addressed to the Purchaser, dated the Closing Date, in form of Exhibit J annexed hereto;

(b) Consents. The Selling Parties shall have obtained and delivered to the Purchaser the consents set forth in Schedule 3.12;

(c) Necessary Proceedings. All proceedings, corporate or otherwise, to be taken by the Selling Parties in connection with the consummation of the transactions contemplated by this Agreement shall have been duly and validly taken, and copies of all documents, resolutions and certificates incident thereto, duly certified by the officers of the Selling Parties, as appropriate, as of the Closing, shall have been delivered to the Purchaser;

(d) Cash and Marketable Securities. As of the close of business of the Business Day immediately preceding the Closing Date, Ladenburg shall have cash held at banks, marketable securities and net cash balances in proprietary accounts at clearing brokers in an amount not less than $18,000,000; and

(e) Deliveries. The Selling Parties shall have delivered to the Purchaser all documents required to be delivered by the Selling Parties pursuant to the Seller Transaction Documents at or before the Closing.

ARTICLE VII
INDEMNIFICATION

SECTION 7.1 Indemnification by the Sellers. The New Valley Parties, on the one hand, and Berliner, on the other hand, severally (in proportion to their ownership of the Ladenburg Stock with respect to representations, warranties and covenants that are made by or apply to both of them) shall indemnify and hold harmless the Purchaser and, after the Closing, Ladenburg from and against, and shall reimburse the Purchaser and, after the Closing, Ladenburg for, any Damages which may be sustained, suffered or incurred by them, whether as a result of any Third Party Claim or otherwise, and which arise from or in connection with or are attributable to (i) the breach of any of the covenants, representations, warranties, agreements, obligations or undertakings of the Selling Parties contained in this Agreement, (ii) all Claims made against Ladenburg with respect to liabilities and obligations of any Affiliate of Ladenburg (other than a Ladenburg Company) for Taxes as a result of Ladenburg being part of a consolidated group with such Affiliate for federal, state or local income tax purposes, (iii) the matter listed in Schedule 7.1, and (iv) the use of the "Ladenburg" name after the Closing Date by any Affiliate of New Valley, in the case of each of the preceding clauses (ii) and (iii), in excess of any reserves therefor taken into account in the determination of the Closing Net Worth, and notwithstanding, with respect to the preceding clauses (ii) and (iii), that any such Proceeding or other Claim, Tax or failure is disclosed in the Seller Transaction Documents or any Schedule thereto. This indemnity shall survive the Closing for a period of two years after the Closing Date, except that with respect to Claims arising as a result of a breach of the representations and warranties in (A) Sections 3.1 and 3.4 and with respect to Claims arising pursuant to the preceding clause (iii), it shall survive without limitation as to time, and (B) Section 3.11 and with respect to Claims arising pursuant to the

preceding clause (ii), it shall survive for a period of two months after the expiration of the statute of limitations for each respective Tax. Any Claim for indemnity asserted within the relevant period shall survive until resolved.

SECTION 7.2 Indemnification by the Purchaser. The Purchaser shall indemnify and hold harmless the New Valley Parties and Berliner from and against, and shall reimburse the Sellers for, any Damages which may be sustained, suffered or incurred by the New Valley Parties or Berliner, whether as a result of Third Party Claims or otherwise, and which arise or result from or in connection with or are attributable to the breach of any of the Purchaser's covenants, representations, warranties, agreements, obligations or undertakings contained in this Agreement. This indemnity shall survive the Closing for a period of two years after the Closing Date, except that with respect to Claims arising as a result of a breach of the representations and warranties in (A) Sections 4.1 and 4.3, it shall survive without limitation as to time, and (B) Section 4.17, it shall survive for a period of two months after the expiration of the statute of limitations for each respective Tax. Any Claim for indemnity asserted within the relevant period shall survive until resolved.

SECTION 7.3 Notice, etc. A Party required to make an indemnification

payment pursuant to this Agreement ("Indemnifying Party") shall have no liability with respect to Third Party Claims or otherwise with respect to any covenant, representation, warranty, agreement, undertaking or obligation under this Agreement, unless the Party entitled to receive such indemnification payment ("Indemnified Party") gives notice to the Indemnifying Party in accordance with terms hereof, as soon as practical following the time at which the Indemnified Party discovered or reasonably should have discovered such Claim (except to the extent the Indemnifying Party is not prejudiced by any delay in the delivery of such notice) and in any event prior to the applicable date specified in Section 7.1 or 7.2, specifying (i) the covenant, representation or warranty, agreement, undertaking or obligation contained herein which it asserts has been breached, (ii) in reasonable detail, the nature and dollar amount of any Claim the Indemnified Party may have against the Indemnifying Party by reason thereof under this Agreement, and (iii) whether or not the Claim is a Third Party Claim. All Claims by any Indemnified Party under this Article VII shall be asserted and resolved as follows:

(a) Third-Party Claims.

(i) In the event that an Indemnified Party becomes aware of a Third Party Claim for which an Indemnifying Party would be liable to an Indemnified Party hereunder, the Indemnified Party shall with reasonable promptness notify in writing the Indemnifying Party of such Claim, identifying the basis for such Claim or demand, and the amount or the estimated amount thereof to the extent then determinable (which estimate shall not be conclusive of the final amount of such Claim and demand; the "Claim Notice"); provided, however, that any failure to give such Claim Notice will not be deemed a waiver of any rights of the Indemnified Party except to the extent the rights of the Indemnifying Party are actually prejudiced by such failure. The Indemnifying Party will notify the Indemnified Party as soon as practicable whether the Indemnifying Party desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim. If the Indemnifying Party notifies the Indemnified Party that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 7.3(a), the Indemnifying Party shall retain counsel (who shall be reasonably

acceptable to the Indemnified Party) to represent the Indemnified Party and the Indemnifying Party shall pay the reasonable fees and disbursements of such counsel with regard thereto; provided, however, that any Indemnified Party is hereby authorized, prior to the date on which it receives written notice from the Indemnifying Party designating such counsel, to retain counsel, whose fees and expenses shall be at the expense of the Indemnifying Party, to file any motion, answer or other pleading and take such other action which it reasonably shall deem necessary to protect its interests or those of the Indemnifying Party until the date on which the Indemnified Party receives such notice from the Indemnifying Party (it being understood and agreed that, if an Indemnified Party takes any such action that is prejudicial and causes a final adjudication that is adverse to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to the portion of such Third Party Claim prejudiced by the Indemnified Party's action). After the Indemnifying Party shall retain such counsel, the Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (x) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (y) the named parties of any such proceeding (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate because a conflict or potential conflict exists between the Indemnifying Party and the Indemnified Party which makes representation of both Parties inappropriate under applicable standards of professional conduct. The Indemnifying Party shall not, in connection with any proceedings or related proceedings in the same jurisdiction,

be liable for the fees and expenses of more than one such firm for the Indemnified Party (except to the extent the Indemnified Party retained counsel to protect its (or the Indemnifying Party's) rights prior to the selection of counsel by the Indemnifying Party). If requested by the Indemnifying Party, the Indemnified Party agrees to cooperate with the Indemnifying Party and its counsel in contesting any claim or demand which the Indemnifying Party defends or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the Person asserting the Third Party Claim or any cross-complaint against any Person (other than the Indemnified Party or any of its Affiliates). A Claim or demand may not be settled by either party without the prior written consent of the other party (which consent will not be unreasonably withheld or delayed) unless, as part of such settlement, the Indemnifying Party shall receive a full and unconditional release reasonably satisfactory to the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party shall not settle any claim without the prior written consent of the Indemnified Party if such Claim is not exclusively for monetary Damages.

(ii) If the Indemnifying Party fails to notify the Indemnified Party that the Indemnifying Party desires to defend the Third Party Claim pursuant to the preceding paragraph then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be vigorously and diligently prosecuted by the Indemnified Party to a final conclusion or will be settled at the discretion of the Indemnified Party (with the consent of the Indemnifying Party, which consent will not be unreasonably withheld). The Indemnified Party will have full control of such defense and proceedings, including (except as provided in the immediately preceding

sentence) any settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party will, at the sole cost and expense of the Indemnifying Party, cooperate with the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the Person asserting the Third Party Claim, or any cross-complaint against any Person (other than the Indemnifying Party or any of its Affiliates). Notwithstanding the foregoing provisions of this paragraph, if the Indemnifying Party has notified the Indemnified Party that the Indemnifying Party disputes its liability hereunder to the Indemnified Party with respect to such Third Party Claim and if such dispute is resolved in favor of the Indemnifying Party the Indemnifying Party will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this paragraph or of the Indemnifying Party's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse the Indemnifying Party in connection with such litigation. The Indemnifying Party may retain separate counsel to represent it in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this paragraph, and the Indemnifying Party will bear its own costs and expenses with respect to such participation.

(b) Direct Claims. In the event any Indemnified Party shall have a Direct Claim against any Indemnifying Party hereunder, the Indemnified Party shall send a Claim Notice with respect to such Claim to the Indemnifying Party.

(c) Books and Records. In the event of any Claim for indemnity under Section 7.1, the Purchaser agrees to give each Seller and its Representatives reasonable access to the books and records and employees of Ladenburg and its subsidiaries in connection with the matters for which indemnification is sought to the extent Seller reasonably deems necessary in connection with its rights and obligations under this Article VII. After delivery of a Claim Notice, so long as any right to indemnification exists

pursuant to this Article VII, the affected Parties each agree to retain all books and records related to such Claim Notice. In each instance, the Indemnified Party shall have the right to be kept fully informed by the Indemnifying Party and its legal counsel with respect to any legal proceedings.

(d) Representative.

(i) Berliner hereby irrevocably appoints New Valley as its agent hereunder (the "Agent") with respect to the assertion or contest of indemnity claims hereunder and authorizes New Valley to take such actions on its behalf and to exercise such powers as are reasonably incidental thereto.

(ii) In acting as Agent, New Valley shall have the rights and powers in its capacity as a Seller as stated in this Agreement and the other Transaction Documents and may exercise the same as though it were not the Agent, and may engage in any kind of business with the Purchaser or any Subsidiary or other Affiliate thereof as if it were not the Agent hereunder.

(iii) The Agent shall not have any duties or obligations except those expressly set forth in this Section 7.3(d). Without limiting the generality of the foregoing, (a) the Agent shall not be subject to any fiduciary or other implied duties, (b) the Agent shall not have any duty to take any

discretionary action or exercise any discretionary powers, and (c) the Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Purchaser or any of its subsidiaries that is communicated to or obtained by it or any of its Affiliates in any capacity. The Agent shall not be liable for any action taken or not taken by it. The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Transaction Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, or (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Transaction Document or any other agreement, instrument or document.

(iv) The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Agent may consult with legal counsel (who may be counsel for the Purchaser), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(v) The Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Agent. The Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Affiliates of the Agent and any such sub-agent.

(vi) To the extent that the Purchaser fails to pay any such amount, Berliner agrees to pay to the Agent 19.9% of all out-of-pocket expenses incurred by the Agent (including the fees, expenses and disbursements of its Affiliates and its Representatives) in its capacity as such.

SECTION 7.4 Adjustment to Purchase Price. Any indemnification payments made pursuant to this Article VII shall be deemed to be an adjustment to the Purchase Price.

SECTION 7.5 Limitations. Other than for Claims under Sections 3.21 and 4.25 and the third sentence of Section 10.1, no Party shall be required to indemnify another Party under this Article VII (i) unless with respect to Claims for breaches of representations or warranties, the aggregate of all amounts for which indemnity would otherwise be due against it exceeds the sum of $1,500,000 plus any unapplied portion of the reserve included in the Signing Balance Sheet for the matter listed on Schedule 7.5 (the "Basket"), in which case the amount for which indemnity shall be due shall be equal to the excess over that amount; provided, however, that, with respect to Claims with respect to the matter listed in Schedule 7.1, the Basket shall not apply and Damages arising thereunder shall be wholly indemnifiable from the first dollar; (ii) to the

extent that the Indemnified Party had a reasonable opportunity, but failed, in good faith to mitigate the Damages, including but not limited to the failure to use commercially reasonable efforts to recover under a policy of insurance or under a contractual right of reimbursement, set-off or indemnity or risk sharing arrangement; or (iii) to the extent the Damages arise from or were caused by actions taken or failed to be taken by the Indemnified Party or any of its Affiliates after the Closing or were reflected in the calculation of Closing Net Worth or in reserves accrued in the financial statements. For purposes of clause (i) of this Section 7.5, the New Valley Parties and Berliner shall be considered as a single Party.

SECTION 7.6 Payment of Claims. Prior to the maturity of the Notes, the Purchaser shall not offset against amounts due under the Notes any Claims against the New Valley Parties or Berliner prior to settlement or the entry of a final judgment and the expiration of all applicable appeal periods and the failure of the New Valley Parties and Berliner to pay such Claim within ten (10) Business Days after such settlement or expiration. In the event any payment of the indemnity obligations of the New Valley Parties and Berliner set forth in Section 7.1 is required to be made, the New Valley Parties and Berliner may satisfy such payment by delivery to the Purchaser of Notes acquired by them pursuant to this Agreement in a principal amount, together with accrued interest, equal to the amount of the Claims for which payment is required.

SECTION 7.7 Representations and Warranties. For purposes of indemnity under this Article VII for breach of a representation or warranty of a Party, the representations and warranties shall be the representations and warranties of a Party made herein as of the date hereof, and shall be deemed to be made again as of the Closing Date without regard to supplementation, modification or amendment pursuant to Section 5.23, and in each instance without regard to any materiality qualifications or standards otherwise contained therein. If payment is made by an Indemnified Party consistent with the provisions of Section 7.3 in settlement of or upon judgment or award granted in a Third Party Claim which is the proper basis for a claim for indemnification hereunder, such payment shall be deemed to be conclusive evidence of the truthfulness of the allegations in such Third Party Claim in determining whether or not a breach of a warranty or representation has occurred.

SECTION 7.8 Exclusivity. After the Closing, to the extent permitted by law, the indemnities set forth in this Article VII shall be the exclusive remedies of the Purchaser, the New Valley Parties and Berliner and their respective officers, directors, Representatives and Affiliates for any misrepresentation or breach of warranty contained in this Agreement, and the Parties shall not be entitled to a rescission of this Agreement or to any further indemnification rights or claims of any nature whatsoever in respect

thereof, all of which the Parties hereto hereby waive.

SECTION 7.9 Tax Benefits.

(a) If an Indemnified Party is entitled to receive an indemnification payment pursuant to this Agreement, then the Indemnifying Party shall, in addition to making the indemnification payment, pay to the Indemnified Party an additional amount with respect to federal, state and local income and franchise Taxes, computed without taking into account credits and unused net operating loss carry-forwards ("Attributable Taxes"), if any, that may be

payable by the Indemnified Party in respect of the receipt of indemnification payments under this Agreement, determined and payable as described below (the "Gross Up Amount").

(b) If, as a result of any Damages, the Indemnified Party or Ladenburg is entitled to a deduction in determining its Attributable Taxes, the Indemnified Party (or, as to Damages incurred by Ladenburg, the Purchaser) shall pay to the Indemnifying Party the amount of the reduction in Attributable Taxes payable by the Indemnified Party or Ladenburg, determined and payable as described below (the "Tax Benefit Amount"), plus interest thereon, from the date the related indemnification payment is made by the Indemnifying Party to the date the Tax Benefit Amount is paid by the Indemnified Party, at an annual rate of interest equal to the mid-term applicable federal rate.

(c) The Gross Up Amount with respect to each applicable Tax shall be the amount that, after deduction of the amount of such Tax (taking into account the effect thereon of any other federal, state or local Tax which is deductible in computing such Tax) required to be paid by the Indemnified Party in respect of the receipt of payment of Damages and the Gross Up Amount, shall equal the amount of such Damages. The amount of the Tax to be deducted shall be determined at the marginal tax rate at which the Indemnified Party is subject to such Tax for the taxable year in which the Indemnified Party was required to include the payment of Damages in income with respect to such Tax, such rate to be determined from the particular income or franchise Tax Return filed by the Indemnified Party for such taxable year. The Gross Up Amount shall be payable immediately after each Return has been filed, provided, however, that no payment need be made by the Indemnifying Party unless the Indemnified Party has provided the Indemnifying Party with (i) a statement certified by the Indemnified Party (or an officer or general partner thereof, as the case may be) setting forth the calculations used in determining the Gross Up Amount and (ii) true copies of the applicable Tax Returns.

(d) The Tax Benefit Amount with respect to each applicable Tax in any taxable year shall be an amount equal to the excess of (i) the amount of such Tax which would have been payable in respect of that year by the Indemnified Party or, if the Purchaser is the Indemnified Party, by Ladenburg, if no Damages had been incurred or a Gross Up Amount paid, over (ii) the amount of such Tax that would have been payable by such Party in respect of that year assuming it had incurred Damages in an amount equal to the amount of Damages determined pursuant to Section 7.1 or 7.2 (without reduction for the amount of any Basket), such Taxes to be determined from the particular income or franchise Tax Return filed by such party for such taxable year. The Tax Benefit Amount shall be payable immediately after each such Return has been filed. At any time a Party is obligated to make a payment of a Tax Benefit Amount to an Indemnified Party, such Party shall give notice thereof to the Indemnified Party and shall furnish the Indemnifying Party with (i) a statement certified by such party (or an officer or general partner thereof, as the case may be) setting forth the calculations used in determining the Tax Benefit Amount and (ii) true copies of the applicable Tax Returns.

(e) If there is a disallowance or a reduction in the Indemnified Party's or Ladenburg's Attributable Taxes with respect to which reduction a payment of a Tax Benefit Amount was made, such disallowance shall be treated as Damages and shall be subject to the indemnification provisions of this Agreement.

ARTICLE VIII
TERMINATION AND ABANDONMENT

SECTION 8.1 Methods of Termination. The transactions contemplated herein may be terminated and/or abandoned at any time but not later than the Closing:

(a) By mutual written consent of the Purchaser and the Sellers;

(b) By the Purchaser or New Valley if any competent regulatory authority shall have issued an order making illegal or otherwise restricting, preventing, prohibiting or refusing to approve the transactions contemplated hereby, and such order shall have become final and non-appealable;

(c) By the Purchaser or New Valley if the Closing has not occurred by September 30, 2001 for any reason other than breach by the Party seeking to terminate unless the Parties agree to an extension in writing;

(d) By New Valley if the Board of Directors of the Purchaser (or any committee thereof) shall have (i) failed to recommend or withdrawn or modified in a manner adverse to the Sellers its approval or recommendation of this Agreement and any of the transactions contemplated hereby, (ii) recommended or taken no position with respect to a proposal for a Purchaser Alternative Transaction or (iii) following the public announcement of a proposal for a Purchaser Alternative Transaction, failed to reconfirm its recommendation of this Agreement and any of the transactions contemplated hereby within five business days following a written request for such reconfirmation by New Valley; or

(e) By the Purchaser if the Board of Directors of the Purchaser shall have determined in good faith, based upon the advice of outside legal counsel, that failure to terminate this Agreement is reasonably likely to result in the Board of Directors breaching its fiduciary duties to stockholders under applicable law by reason of the pendency of an unsolicited, bona fide written proposal for a Superior Purchaser Transaction, but only if the Purchaser and its subsidiaries and other Representatives of the Purchaser shall have complied with their obligations under Section 5.16; provided, however, that the Purchaser may not terminate this Agreement pursuant to this clause (e) unless (x) 48 hours shall have elapsed after delivery to New Valley of a written notice of such determination by the Board of Directors and (y) the Purchaser shall have paid to New Valley any amounts owed by it pursuant to Section 8.2(b).

SECTION 8.2 Effect of Termination. (a) In the event of termination by a Party, or both Parties, pursuant to Section 8.1 hereof, written notice thereof shall forthwith be given to the other Party and, except as set forth in this Section 8.2, all further obligations of the Parties shall terminate, no Party

shall have any right against the other Party hereto or its officers, directors, employees, Representatives or Affiliates, and each Party shall bear its own costs and expenses, except that if this Agreement is so terminated by one Party because one or more of the conditions to such Party's obligations hereunder is

not satisfied as a result of the other Party's willful failure to comply with its obligations under this Agreement, it is expressly agreed and understood that the terminating Party's right to pursue all legal remedies for breach of contract or otherwise, including, without limitation, Damages relating thereto, shall survive such termination unimpaired. If the transactions contemplated by this Agreement are terminated and/or abandoned as provided herein:

(i) Each Party hereto will return all documents, work papers and other material (and all copies thereof) of the other Party, and, in the case of the Purchaser, of the Ladenburg Companies, whether so obtained before or after the execution hereof, to the Party furnishing the same; and

(ii) All confidential information received by either Party hereto with respect to the business of the other Party shall be treated in accordance with the Confidentiality Agreement.

(b) If (I) New Valley shall have terminated this Agreement pursuant to Section 8.1(d) or the Purchaser shall have terminated this Agreement pursuant to Section 8.1(e), or (II) either New Valley or the Purchaser shall have terminated this Agreement pursuant to Section 8.1(c) following the public announcement of a proposal for a Purchaser Alternative Transaction by any person and, within one year after any termination described in this clause (II), the Purchaser (or any of its subsidiaries) shall have entered into a binding agreement providing for the consummation of, or shall have consummated, a Purchaser Alternative Transaction, then, in any of such cases, the Purchaser shall pay the Sellers a termination fee of $1,750,000, plus an amount equal to all documented out-of-pocket expenses and fees incurred by the Sellers and their Affiliates in connection with this Agreement and the transactions contemplated hereby (including, without limitation, fees and expenses payable to their respective agents and counsel). Any fee payable under this Section 8.2(b) shall be paid by wire transfer of immediately available funds (A) within two Business Days after a termination described in clause (I), or (B) concurrent with or prior to the entering into of the binding agreement with respect to, or (in the absence of a binding agreement) the consummation of, such Purchaser Alternative Transaction, in the case of a termination described in clause (II).

(c) The Purchaser acknowledges that the agreements contained in the preceding paragraph are an integral part of the transactions contemplated by this Agreement and that, without these agreements, neither Seller would enter into this Agreement; accordingly, if the Purchaser fails promptly to pay the amount due pursuant to such paragraph, and in order to obtain such payment, a Seller commences a suit which results in a judgment against the other for the amounts set forth in such paragraph, the party which brings such suit shall be entitled to have its cost and expenses (including reasonable attorneys' fees and expenses) reimbursed in connection with such suit, together with interest on the amount of the fee at the prime rate of The Chase Manhattan Bank in effect on the date such payment was required to be made.

(d) Termination of this Agreement pursuant to Section 8.1(d) or 8.1(e) shall also entitle the Purchaser to cancel the Purchaser Stockholder Meeting.

ARTICLE IX
DEFINITIONS

SECTION 9.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Adjustment Event" means, with respect to the Purchaser Common Stock, reclassifications, stock splits, stock dividends, share combinations and similar changes affecting the Purchaser Common Stock as a whole and all holders thereof.

"Affiliate" means, with respect to a person or entity, any other person or entity controlling, controlled by or under common control with such first person or entity.

"Agreed Disclosure" has the meaning specified in Section 10.3.

"Agreement" has the meaning specified in the Recitals.

"AMEX" means The American Stock Exchange, Inc.

"Attributable Taxes" has the meaning specified in Section 7.9(a).

"Audited 1999 Financial Statement" has the meaning specified in Section 3.6.

"Basket" has the meaning specified in Section 7.5.

"Berliner" has the meaning specified in the Recitals.

"Business Day" means a day of the year on which banks are not required or authorized to be closed in the City of New York.

"Claim" has the meaning specified in the definition of "Third Party Claim."

"Claim Notice" has the meaning specified in Section 7.3(a).

"Closing" has the meaning specified in Section 2.1.

"Closing Date" has the meaning specified in Section 2.1.

"Closing Net Worth" has the meaning specified in Section 2.4(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" has the meaning specified in Section 4.4.

"Confidentiality Agreement" has the meaning specified in Section 5.2.

"Contracts" has the meaning specified in Section 3.9(c).

"Damages" means the dollar amount of any loss, damage, expense or liability, including, without limitation, reasonable attorneys' fees and disbursements incurred by an Indemnified Party in any action or proceeding between the Indemnified Party and the Indemnifying Party or between the Indemnified Party and a third party, which is determined (as provided in Article VII) to have been sustained, suffered or incurred by a Party and to have arisen from an event or state of facts which is subject to indemnification under this Agreement; the amount of Damages shall be the amount finally determined by a court of competent jurisdiction or appropriate governmental administrative agency (after the exhaustion of all appeals) or the amount agreed to upon settlement in accordance with the terms of this Agreement, if a Third Party Claim, or by the Parties, if a Direct Claim.

"Direct Claim" means any Claim other than a Third Party Claim.

"8-K" has the meaning specified in Section 4.4.

"Employee Benefit Plans" has the meaning specified in Section 3.15(a).

"Employee Welfare Plans" has the meaning specified in Section 3.15(c).

"Enforcement Committee" has the meaning specified in Section 2.9.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" has the meaning specified in Section 1.3(a).

"Escrow Agreement" has the meaning specified in Section 1.3(a).

"Evaluation Material" has the meaning specified in Section 5.2.

"Financial Statements" has the meaning specified in Section 3.6.

"GAAP" has the meaning specified in Section 3.6.

"Gross Up Amount" has the meaning specified in Section 7.9(a).

"Indemnified Party" has the meaning specified in Section 7.3.

"Indemnifying Party" has the meaning specified in Section 7.3.

"Initial Determination" has the meaning specified in Section 2.4(b).

"Ladenburg" has the meaning specified in the Recitals.

"Ladenburg Companies" has the meaning specified in Section 3.1(e).

"Ladenburg Stock" has the meaning specified in the Recitals.

"Ladenburg Subsidiaries" has the meaning specified in Section 3.1(c).

"Leases" has the meaning specified in Section 3.9(b).

"Lender" has the meaning specified in Section 4.11.

"Lien" has the meaning specified in Section 3.3.

"LTGI" has the meaning specified in the Recitals.

"LTI" has the meaning specified in Section 1.2.

"LTI Stock" has the meaning specified in Section 1.2.

"New Valley" has the meaning specified in the Recitals.

"New Valley Companies" has the meaning specified in the introductory clause of Article III.

"New Valley Parties" has the meaning specified in the Recitals.

"1933 Act" has the meaning specified in Section 3.28.

"1934 Act" has the meaning specified in Section 3.5(a).

"Notes" has the meaning specified in Section 1.3(b).

"NYSE" has the meaning specified in Section 5.23(a).

"Party" means, as the context requires, the Selling Parties or any of

them, on the one hand, and the Purchaser, on the other hand (collectively, the "Parties").

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permits" has the meaning specified in Section 3.7.

"Pledge and Security Agreement" has the meaning specified in Section 2.5.

"Principals" has the meaning specified in Section 5.17(a).

"Proceedings" has the meaning specified in Section 3.10.

"Proxy and Voting Agreement" has the meaning specified in Section 2.6.

"Proxy Statement" has the meaning specified in Section 5.11.

"Purchaser" has the meaning specified in the Recitals.

"Purchaser Alternative Transaction" has the meaning specified in Section 5.16.

"Purchase Price" has the meaning specified in Section 1.3.

"Purchaser Balance Sheet" has the meaning specified in Section 4.13(b).

"Purchaser Common Stock" has the meaning specified in Section 1.3(c).

"Purchaser Companies" has the meaning specified in Section 4.1(b)).

"Purchaser Financial Statements" has the meaning specified in Section 4.4.

"Purchaser SEC Filings" has the meaning specified in Section 4.4.

"Purchaser Stockholder Meeting" has the meaning specified in Section 5.10.

"Purchaser Subsidiaries" has the meaning specified in Section 4.1(a).

"Purchaser Transaction Documents" has the meaning specified in Section 4.2(a).

"Purchaser's Accountants" means Richard A. Eisner & Company, LLP or any successor firm appointed by the Purchaser.

"Purchaser's Knowledge" means the actual knowledge of the Principals, Joseph Berland, Joseph Pickard and Diane Chillemi.

"Representatives" of any Party means such Party's employees, accountants, auditors, actuaries, counsel, financial advisors, bankers, investment bankers and consultants.

"Returns" has the meaning specified in Section 3.11.

"Seller Transaction Documents" has the meaning specified in Section 3.2.

"Sellers" has the meaning specified in Section 1.2.

"Sellers' Accountants" means PricewaterhouseCoopers LLP or any successor firm appointed by New Valley.

"Selling Parties" has the meaning specified in Section 2.2.

"Selling Parties' Knowledge" means the actual knowledge of Holger Timm and Wolfgang Janka (in the case of Berliner) and Howard Lorber, Richard Lampen and J. Bryant Kirkland III (in the case of New Valley).

"Signing Balance Sheet" has the meaning specified in Section 3.6.

"Signing 8-Ks" has the meaning specified in Section 10.3.

"Signing Income Statement" has the meaning specified in Section 3.6.

"Signing Release" has the meaning specified in Section 10.3.

"Stockholder Approval" has the meaning specified in Section 5.10.

"Superior Purchaser Transaction" has the meaning specified in Section 5.16.

"Tax" or "Taxes" means all income, gross receipts, sales, stock transfer, excise, bulk transfer, use, employment, franchise, profits, property or other taxes, fees, stamp taxes and duties, assessments, levies or charges of any kind whatsoever (whether payable directly or by with the Purchaser), together with any interest and any penalties, additions to tax or additional amounts imposed by any taxing authority with respect thereto.

"Tax Benefit Amount" has the meaning specified in Section 7.9(b).

"10-Ks" has the meaning specified in Section 4.4.

"10-K/As" has the meaning specified in Section 4.4.

"10-Qs" has the meaning specified in Section 4.4.

"Third Party Claim" means a claim, demand, suit, proceeding or action ("Claim") by a person, firm, corporation or government entity other than a Party hereto or any Affiliate of such Party.

"Transaction Documents" mean, collectively, the Seller Transaction Documents and the Purchaser Transaction Documents.

"Underwriters' Warrants" has the meaning specified in Section 3.31.

"Ukraine Fund" has the meaning specified in Section 3.4(b).

ARTICLE X
GENERAL PROVISIONS

SECTION 10.1 Expenses. Except as otherwise provided herein, all costs and expenses, including, without limitation, fees and disbursements of Representatives, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses, whether or not the Closing shall have occurred. The New Valley Parties

and Berliner shall pay all such expenses incurred at and prior to the Closing by the Ladenburg Companies. Notwithstanding the foregoing, the Purchaser and New Valley shall share equally the cost of all filing fees required to be paid by either of them or any of their Affiliates, whether before or after the Closing, in connection with the transactions contemplated by this Agreement with respect to filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. New Valley and Berliner acknowledge and agree that the Purchaser has disclosed that it is obligated and will become further obligated for the reasonable fees and expenses of its Representatives (including Richard A. Eisner & Company, LLP and Graubard Mollen & Miller) in connection with this Agreement and the transactions contemplated hereby. It is understood and agreed that certain of such fees and expenses have been paid by the Purchaser prior to the execution of this Agreement, other of such fees and expenses will be paid prior to the Closing and the balance of such fees and expenses that are due and owing will be paid promptly thereafter.

SECTION 10.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered personally or by nationally recognized courier or by telecopy to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

(a) If to New Valley:

New Valley Corporation
100 S.E. Second Street, 32nd Floor
Miami, Florida 33131
Attention: Howard M. Lorber
Telecopier No.: 305-579-8001

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005-1413
Attention: Mark Weissler, Esq.
Telecopier No.: 212-530-5219

(b) If to LTGI:

Ladenburg Thalmann Group Inc.
c/o New Valley Corporation
100 S.E. Second Street, 32nd Floor
Miami, Florida 33131
Attention: Richard Lampen
Telecopier No.: 305-579-8009

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005-1413
Attention: Mark Weissler, Esq.
Telecopier No.: 212-530-5219

(c) If to Ladenburg:

Ladenburg, Thalmann & Co. Inc.
590 Madison Avenue
New York, New York 10022

Attention: Victor Rivas
Telecopier No.: 212-317-8192

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005-1413
Attention: Mark Weissler, Esq.
Telecopier No.: 212-530-5219

(d) If to Berliner:

Berliner Effektengesellschaft AG
Kurfurstendamm 119
10711 Berlin, Germany
Attention: Dr. Wolfgang Janka
Telecopier No.: 01149-30-8902-196

(e) If to the Purchaser:

GBI Capital Management Corp.
1055 Stewart Avenue
Bethpage, New York 11714
Attention: Richard Rosenstock
Telecopier No.: 516-470-1050

with a copy to:

Graubard Mollen & Miller
600 Third Avenue
New York, New York 10016
Attention: David Alan Miller, Esq.
Telecopier No.: 212-818-8881

SECTION 10.3 Press Release; Public Announcements; Filings. Promptly after execution of this Agreement, the Parties shall issue a press release in the form of Exhibit K annexed hereto (the "Signing Release"). The Purchaser and New Valley shall also each file with the Commission a Report on Form 8-K with respect to the transactions contemplated hereby (the "Signing 8-Ks" and together with the Signing Release, the "Agreed Disclosure"). Each Signing 8-K shall be provided by its preparer to the other Party prior to filing and the other Party shall be given a reasonable opportunity to comment thereon. Upon acceptance of the Signing 8-Ks by both the Purchaser and New Valley, the Agreed Disclosure shall serve as the basis for any public disclosure by the Parties of the transactions contemplated hereby. The Parties shall not make any other public announcements in respect of this Agreement or the transactions contemplated herein inconsistent with the Agreed Disclosure without prior consultation and approval as to the form and content thereof except to the extent required by law. Notwithstanding the foregoing, a Party may make any disclosure which its counsel advises is required by applicable law or regulation, in which case the other Party shall be given such reasonable advance notice as is practicable in the circumstances and the Parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued. The Parties may also make appropriate disclosure of the transactions contemplated by this Agreement to their officers, directors and Representatives.

SECTION 10.4 Amendment. Subject to Section 2.9, this Agreement may not be amended or modified except by an instrument in writing signed by the Parties.

SECTION 10.5 Waiver. A Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b)

waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party to be bound thereby. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion.

SECTION 10.6 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 10.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party.

SECTION 10.8 Entire Agreement. This Agreement, the Schedules and Exhibits hereto and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof and, except as otherwise expressly provided herein, are not intended to confer upon any other person any rights or remedies hereunder. Without limitation of the foregoing, (a) no representations or warranties with respect to the business, operations, financial condition, prospects, income, assets or liabilities of the Ladenburg

Companies have been made to the Purchaser, and the Purchaser has not relied upon any representations or warranties, except as explicitly set forth in the Seller Transaction Documents, and no representations or warranties have been made to the Purchaser with respect to the intentions of any employee (or group of employees comprising an operating unit) of Ladenburg to remain in the employ of the Ladenburg Companies from and after the Closing, and the Purchaser has not relied upon any such representation or warranty and (b) no representations or warranties with respect to the business, operations, financial condition, prospects, income, assets or liabilities of the Purchaser have been made to the Selling Parties, and the Selling Parties have not relied upon any representations or warranties, except as explicitly set forth in the Purchaser Transaction Documents.

SECTION 10.9 Benefit. This Agreement may not be assigned. This Agreement shall inure to the benefit of and be binding upon the successors of the Parties. The terms and provisions of this Agreement are intended solely for the benefit of each Party hereto and their respective successors or permitted assigns, and it is not the intention of the Parties to confer third-party beneficiary rights upon any other person or entity other than any person or entity entitled to indemnity under Article VII, and except that the directors, officers and employees of the Purchaser are intended to be third party beneficiaries solely for the purpose of claims they may have under Section 5.19.

SECTION 10.10 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law.

SECTION 10.11 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which when taken together shall constitute one and the same agreement.

SECTION 10.12 Consent to Jurisdiction and Service of Process. New Valley and each Seller hereby irrevocably appoints the President of New Valley Corporation, at its offices at 590 Madison Avenue, 35th Floor, New York, New York 10022, and the Purchaser hereby irrevocably appoints the President of GBI Capital Management Corp., at its offices at 1055 Stewart Avenue, Bethpage, New York 11714, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising out of or relating to this Agreement or any of the Transaction Documents or any of the transactions contemplated thereby and upon whom such process may be served, with the same effect as if such Party were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service, provided that in the case of any service upon such agent and attorney, the Party effecting such service shall also deliver a copy thereof to the other Parties at the address and in the manner specified in Section 10.2. New Valley, the Sellers and the Purchaser will enter into such agreements with such agents as may be necessary to constitute and continue the appointment of such agents hereunder. In the event that such agent and attorney resigns or otherwise becomes incapable of acting as such, such Party will appoint a successor agent and attorney in the City of New York,

reasonably satisfactory to the other Parties, with like powers. Each Party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Agreement or any of the Transaction Documents or any of the transactions contemplated thereby, and agrees that any such action, suit or proceeding shall be brought only in such court; provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 10.12 and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. Each Party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum.

SECTION 10.13 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

SECTION 10.14 Specific Performance. The Parties hereto acknowledge and agree that any remedy at law for any breach of the provisions of this Agreement would be inadequate, and each Party hereto hereby consents to the granting by any court of an injunction or other equitable relief, without the necessity of actual monetary loss being proved, in order that the breach or threatened breach of such provisions may be effectively restrained.

[The next page is the signature page.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

GBI CAPITAL MANAGEMENT CORP.

/s/ Richard J. Rosenstock

By:_____
Name: Richard J. Rosenstock
Title: President

NEW VALLEY CORPORATION

/s/ Richard J. Lampen
By:_____
Name: Richard J. Lampen
Title:

BERLINER EFFEKTENGESELLSCHAFT AG

/s/ Holger Timm
By:_____
Name: Holger Timm
Title: CEO

LADENBURG, THALMANN GROUP INC.

/s/ Victor Rivas
By:_____
Name: Victor Rivas
Title:

LADENBURG, THALMANN & CO. INC.

/s/ Victor Rivas
By:_____
Name: Victor Rivas
Title: CEO

STOCK PURCHASE AGREEMENT
dated as of February 8, 2001
by and between

LADENBURG, THALMANN GROUP INC.,

Joseph Berland Revocable Living Trust Dated 4/16/97

and

JOSEPH BERLAND

This STOCK PURCHASE AGREEMENT dated as of February 8, 2001, is made and entered into by and between Ladenburg, Thalmann Group Inc., a Delaware corporation ("LTGI"), the Joseph Berland Revocable Living Trust dated 4/16/97 (the "Trust") and Joseph Berland, an individual residing at 1055 Stewart Avenue, Bethpage, NY 11714 ("Berland" and together with the Trust, the "Seller"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Stock Purchase Agreement (as defined below).

WHEREAS, the Seller owns Three Million Nine Hundred Forty-Five Thousand Sixty (3,945,060) shares of common stock, par value $0.0001 per share, of GBI Capital Management Corp., a Florida corporation ("GBI") (such shares being referred to herein as the "Shares"); and

WHEREAS, concurrently with the execution and delivery of this Agreement, and pursuant to a Stock Purchase Agreement dated February 8, 2001 (the "Stock Purchase Agreement") between GBI, New Valley Corporation, LTGI, Berliner Effektengesellschaft AG, a German corporation ("Berliner"), and Ladenburg, Thalmann & Co. Inc., a Delaware corporation ("Ladenburg") relating to GBI's acquisition of all of the outstanding shares of capital stock of Ladenburg from LTGI and Berliner, Seller desires to sell to LTGI, and LTGI desires to purchase, the Shares on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the parties hereto intend to consummate the transactions contemplated by this Agreement and the Stock Purchase Agreement simultaneously;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

SALE OF SHARES AND CLOSING

1.01 Purchase and Sale. Seller agrees to sell to LTGI, and LTGI agrees to purchase from Seller, all of the right, title and interest of Seller in and

to the Shares at the Closing on the terms and subject to the conditions set forth in this Agreement.

1.02 Purchase Price. The aggregate purchase price for the Shares is $3,945,060 (the "Purchase Price"), payable in immediately available United States funds at the Closing. LTGI will pay the Purchase Price by transfer of such funds to Seller to an account designated by Seller at least two business days before Closing. Simultaneously, Seller will assign and transfer to LTGI all of Seller's right, title and interest in and to the Shares by delivering to LTGI a certificate or certificates representing the Shares, in genuine and unaltered form, duly endorsed in blank or accompanied by duly executed stock powers endorsed in blank, with requisite stock transfer tax stamps, if any, attached.

1.03 Further Assurances. At any time or from time to time after the Closing, Seller shall execute and deliver to LTGI such other documents and instruments, provide such materials and information and take such other actions as LTGI may reasonably request more effectively to vest title to the Shares in LTGI, and otherwise to cause Seller to fulfill its obligations under this Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Each party hereby represents and warrants to the other that such party as follows (except in the case of a representation and warranty stated as being made by a specific party):

2.01 Organization. Such party has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby.

2.02 Authority. The execution and delivery by such party of this Agreement, and the performance by such party of its obligations hereunder, have been duly and validly authorized by all necessary corporate or other action on the part of such party. This Agreement has been duly and validly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable against such party in accordance with its terms.

2.03 Capital Stock. Seller represents and warrants that: (a) the Shares are validly issued, fully paid and nonassessable; (b) Seller owns the Shares, beneficially and of record, free and clear of all Liens except those imposed by federal and state securities laws; (c) except for this Agreement, there are no outstanding options with respect to the Shares; and (d) the delivery of a certificate or certificates at the Closing representing the Shares in the manner provided in Section 1.02 will transfer to LTGI good and valid title to the Shares, free and clear of all Liens except those imposed by federal and state securities laws.

2.04 No Conflicts. The execution, delivery and performance by such party of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) result in any breach or violation of or be in conflict with or constitute a default under the terms of any law, order, regulation or agreement or arrangement to which such party or (in the case of Seller) GBI or its subsidiaries, as the case may be, is a party or by which such party is bound, (ii) require any filing with or authorization by any governmental entity, other than filings with the Commission to report the transactions contemplated hereby or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which such party is entitled under any provision of any agreement or other instrument

binding on such party.

2.05 Investment Representation. LTGI represents and warrants to Seller that it is an "accredited investor" as that term is defined under Rule 501 of Regulation D of the 1933 Act. LTGI understands that the Shares are "restricted," such that they may not be resold by it except pursuant to an effective registration statement under the 1933 Act or an exemption from the registration requirements thereof, and that the certificates representing such Shares shall bear a legend to this effect. It understands that its purchase of the Shares represents a speculative investment, involving a high degree of risk. It has had

the opportunity to ask reasonable questions of the Seller and officers of GBI concerning the Shares and the business of GBI, and such questions have been answered to its full satisfaction.

ARTICLE III
MISCELLANEOUS

3.01 Termination. Upon termination of the Stock Purchase Agreement prior to the occurrence of the Closing, this Agreement shall likewise terminate and be of no further force and effect.

3.02 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to, with respect to LTGI, the address or facsimile number provided in the Stock Purchase Agreement or, with respect to Seller, the following address or facsimile number:

Joseph Berland
c/o GBI Capital Management Corp.
1055 Stewart Avenue
Bethpage, NY 11714
Facsimile No.: (516) 470-1050

All such notices, requests and other communications will be deemed given as provided in the Stock Purchase Agreement. Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

3.03 Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

3.04 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party will pay its own costs and expenses incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, Sellers shall be responsible for any documentary, stamp or similar transfer tax due on the sale of Shares under this Agreement.

3.05 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under

this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

3.06 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

3.07 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person.

3.08 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except (a) for assignments and transfers by operation of law and (b) that LTGI may assign any or all of its rights, interests and obligations hereunder to a wholly-owned subsidiary, provided that any such subsidiary agrees in writing to be bound by all of the terms, conditions and provisions contained herein, but no such assignment shall relieve LTGI of its obligations hereunder. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

3.09 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

3.10 Consent to Jurisdiction and Service of Process. LTGI hereby irrevocably appoints the President of New Valley Corporation, at its offices at 590 Madison Avenue, 35th Floor, New York, New York 10022, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated thereby and upon whom such process may be served, with the same effect as if such party were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service, provided that in the case of any service upon such agent and attorney, the party effecting such service shall also deliver a copy thereof to the other parties at the address and in the manner specified in Section 3.02. Seller hereby irrevocably consents to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. LTGI and Seller will enter into such agreements with such agents as may be necessary to constitute and continue the appointment of such agents hereunder. In the event that such agent and attorney resigns or otherwise becomes incapable of acting as such, such party will appoint a successor agent and attorney in the City of New York, reasonably satisfactory to the other parties, with like powers. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated thereby, and agrees that any such action, suit or proceeding shall be brought only in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 3.10 and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. Each party hereby irrevocably waives, to the fullest extent permitted by law, any objection

that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action,

suit or proceeding brought in such a court has been brought in an inconvenient forum.

3.11 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

3.12 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

3.13 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law.

3.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written.

LADENBURG, THALMANN GROUP INC.

/s/ Victor Rivas
By:_____
Name: Victor Rivas
Title:

JOSEPH BERLAND

/s/ Joseph Berland
_____

Joseph Berland Revocable Living Trust dAtEd 4/16/97

/s/ Joseph Berland
By:_____
Name: Joseph Berland
Title:

STOCK PURCHASE AGREEMENT

Dated as of February 8, 2001

by and among

[----------]

and

FROST-NEVADA, LIMITED PARTNERSHIP

This STOCK PURCHASE AGREEMENT dated as of February 8, 2001, is made and entered into by and among [_____] ("Seller"), and FROST-NEVADA, LIMITED PARTNERSHIP, a Nevada limited partnership having its offices at 3500 Lakeside Court, Suite 200, Reno, Nevada 89509 ("Frost"). Capitalized terms not defined herein shall have the meanings ascribed to them in the Loan Agreement (as defined below).

WHEREAS, Seller desires to sell to Frost and Frost desires to purchase from Seller [_____] ([_____]) shares of common stock, par value $0.0001 per share, of GBI Capital Management Corp., a Florida corporation ("GBI") (such shares being referred to herein as the "Shares");

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

SALE OF SHARES AND CLOSING

1.01 Purchase and Sale. Seller agrees to sell to Frost, and Frost agrees to purchase from Seller, all of the right, title and interest of Seller in and to the Shares at the closing of the Loan pursuant to the Loan Agreement dated February 8, 2001, between Frost and Seller ("Loan Agreement") on the terms and subject to the conditions set forth in this Agreement.

1.02 Purchase Price. The aggregate purchase price for the Shares is

$[_____] (the "Purchase Price"), payable at the closing of the Loan. Frost will pay the Purchase Price by transfer of immediately available United States funds to Seller to an account designated by Seller at least two business days before closing of the Loan. Simultaneously, Seller will assign and transfer to Frost all of Seller's right, title and interest in and to the Shares by delivering to Frost a certificate or certificates representing the Shares, in genuine and unaltered form, duly endorsed in blank or accompanied by duly executed stock powers endorsed in blank, with requisite stock transfer tax stamps, if any, attached.

1.03 Further Assurances. At any time or from time to time after the closing of the Loan, Seller shall execute and deliver to Frost such other documents and instruments, provide such materials and information and take such other actions as Frost may reasonably request to more effectively vest title to the Shares in Frost, and otherwise to cause Seller to fulfill its obligations under this Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Each party hereby represents and warrants to the other party as follows (except in the case of a representation and warranty stated as being made by a specific party):

2.01 Authority. Such party has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable against such party in accordance with its terms.

2.02 Capital Stock. Seller represents and warrants that: (a) the Shares are validly issued, fully paid and nonassessable; (b) Seller owns the Shares, beneficially and of record, free and clear of all Liens except those imposed by federal and state securities laws; (c) except for this Agreement, there are no outstanding options with respect to the Shares; and (d) the delivery of a certificate or certificates at the closing representing the Shares in the manner provided in Section 1.02 will transfer to Frost good and valid title to the Shares, free and clear of all Liens except those imposed by federal and state securities laws.

2.03 No Conflicts. The execution, delivery and performance by such party of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) result in any breach or violation of or be in conflict with or constitute a default under the terms of any law, order, regulation or agreement or arrangement to which such party or (in the case of Seller) GBI or its subsidiaries, as the case may be, is a party or by which such party is bound, (ii) require any filing with or authorization by any governmental entity other than filings with the Securities and Exchange Commission to report the transactions contemplated hereby, or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which such party is entitled under any provision of any agreement or other instrument binding on such party.

2.04 Investment Representations. Frost represents and warrants to Seller that it is an "accredited investor" as that term is defined under Rule 501 of Regulation D of the Securities Act of 1933, as amended ("1933 Act"). Frost understands that the Shares are "restricted,' such that they may not be resold by him except pursuant to an effective registration statement under the 1933 Act or an exemption from the registration requirements thereof, and that

the certificates representing such Shares shall bear a legend to this effect. It understands that its purchase of the Shares represents a speculative investment, involving a high degree of risk. It has had the opportunity to ask reasonable questions of Seller and officers of GBI concerning the Shares and the business of GBI, and such questions have been answered to its full satisfaction.

ARTICLE III

MISCELLANEOUS

3.01 Termination. Upon termination of the Loan Agreement prior to the extension of the Loan thereunder, this Agreement shall likewise terminate and be of no further force and effect.

3.02 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to, with respect to Frost, the address or facsimile number provided in the Loan Agreement or, with respect to Seller, the following address or facsimile number:

[Seller]
[Seller's Address]

with a copy to:

Graubard Mollen & Miller
600 Third Avenue
New York, New York 10016
Facsimile No.: 212-818-8881
Attn: David Alan Miller, Esq.

All such notices, requests and other communications will be deemed given as provided in the Loan Agreement. Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

3.03 Entire Agreement. This Agreement supersedes all prior discussions and agreements between the parties with respect to the subject matter hereof, and contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

3.04 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated hereby are consummated, each party will pay its own costs and expenses incurred in connection with the negotiation, execution and closing of this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, Seller shall be responsible for any documentary, stamp or similar transfer tax due on the sale of Shares under this Agreement.

3.05 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or

condition of this Agreement on any future occasion. All remedies, either under

this Agreement or by law or otherwise afforded, will be cumulative and not alternative.

3.06 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

3.07 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other person or entity.

3.08 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto and any attempt to do so will be void, except for assignments and transfers by operation of law. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

3.09 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

3.10 Consent to Jurisdiction and Service of Process. Seller and Frost hereby irrevocably consent to accept and acknowledge service of any and all process against such party in any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated thereby, delivered by registered mail to, with respect to Seller, the address provided in Section 3.02 or, with respect to Frost, to the address provided in the Loan Agreement, and each party waives all claims of error by reason of such service. Each party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated thereby, and agrees that any such action, suit or proceeding shall be brought only in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 3.10 and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. Each party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum.

3.11 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

3.12 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

3.13 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to principles of conflicts of law.

3.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by each party hereto as of the date first above written.

FROST-NEVADA, LIMITED PARTNERSHIP
By: Frost-Nevada Corporation, General Partner

By: _____
Name:
Title:

[SELLER]

SENIOR CONVERTIBLE PROMISSORY NOTE

$10,000,000.00 [Aggregate to Sellers] _____, 2001

FOR VALUE RECEIVED, GBI CAPITAL MANAGEMENT CORP., a Florida corporation ("Maker"), having an address at 1055 Stewart Avenue, Bethpage, New York 11714, hereby promises to pay to _____, a _____ corporation, its successors and/or permitted assigns (any of which is hereinafter referred to as "Holder"), at _____, in lawful money of the United States, the sum of _____ Dollars and No Cents ($_____.00) on December 31, 2005. Interest on the unpaid principal amount of this Note shall be paid at the rate of seven and one half percent (7-1/2%) per annum on each March 31, June 30, September 30 and December 31, commencing June 30, 2001 or the lesser of fifteen percent(15%) per annum or the maximum interest rate permitted by applicable law following an Event of Default. At the Holder's request payments shall be made by wire transfer to an account designated by the Holder. If a payment date is not a business day, payment may be made on the next business day and interest shall accrue for the intervening period. This Note may not be prepaid.

The Holder may, with or without notice to the Maker or any guarantor or other party liable herefor, extend or renew this Note, or extend the time for making payment of any amount provided for herein, or accept any amount in advance, all without affecting the liability of the Maker or any other party or guarantor liable herefor.

This Note is issued pursuant to the terms of that certain Stock Purchase Agreement ("Stock Purchase Agreement") dated February 8, 2001 between the Maker, New Valley Corporation, Ladenburg, Thalmann Group Inc., Ladenburg, Thalmann & Co. Inc. and Berliner Effektengesellschaft AG. and the Holder and the Maker are entitled to the benefits provided for therein. Terms used but not defined herein shall have their respective meanings assigned in the Stock Purchase Agreement. This Note is entitled to the benefits of the security for the payment hereof provided pursuant to that certain Pledge and Security Agreement dated February 8, 2001 between the Maker, the Secured Parties named therein and U.S. Bank Trust National Association, as Collateral Agent ("Pledge Agreement").

1. Conversion of Note

The principal of and accrued interest on this Note shall be convertible, in whole or in part, at any time, at the election of the Holder, into that number of fully paid and non-assessable shares of the Maker's common stock, par value $0.0001 per share ("Common Stock"), determined by dividing the amount of principal and interest to be so converted by the "Conversion Price" (as hereinafter defined) in effect at the time notice of conversion is given to the Maker as set forth below. As used herein, "Conversion Price" means, initially, $2.60. If, at any time after the date hereof, there occurs, with respect to the Common Stock, a reclassification, stock split, stock dividend, spin-off or distribution, share combination or other similar change affecting the Common Stock as a whole and all holders thereof or if the Maker shall consolidate with, or merge with or into, any other entity, sell or transfer all or substantially all its assets or engage in any reorganization, reclassification or recapitalization which is effected in such a manner that the

holders of Common Stock are entitled to receive stock, securities, cash or other assets with respect to or in exchange for Common Stock (each, an "Adjustment Event"), the Conversion Price and the kind and amount of stock, securities, cash or other assets issuable upon conversion of this Note in effect at the time of the record date for such dividend or distribution or of the effective date of such share combination, split, consolidation, merger, sale, transfer, reorganization, reclassification or recapitalization shall be appropriately adjusted so that the conversion of the Note after such time shall entitle the Holder to receive the aggregate number of shares of Common Stock or securities, cash and other assets which, if this Note hade been converted immediately prior to such time, the Holder would have owned upon such conversion and been entitled to receive by virtue of such Adjustment Event, provided that if the kind or amount of securities, cash and other property is not the same for each share of Common Stock held immediately prior to such reclassification, change, consolidation, merger, sale, transfer, or conveyance, any Holder who fails to exercise any right of election shall receive per share the kind and amount of securities, cash or other property received per share by a plurality of such shares.

Promptly after an Adjustment Event, the Maker shall mail to the Holder a notice of the adjustment together with a certificate from the Maker's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it.

If (i) the Maker takes any action that would cause an Adjustment Event, (ii) there is a liquidation or dissolution of the Maker or (iii) the Maker declares a cash dividend, the Maker shall mail to the Holder a notice stating the proposed record date for a dividend or distribution or the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution, the Maker shall mail the notice at least 15 days before such date.

If, during any period of twenty (20) consecutive trading days, the closing sale price of the Common Stock is at least $8.00 per share (as adjusted for all Adjustment Events occurring after the date of this Note), the principal of and all accrued interest on this Note shall be automatically

converted, without further action on the part of the Holder, into shares of Common Stock at the Conversion Price in effect on the last Trading Day of such period.

In connection with any conversion of this Note, the Holder shall surrender this Note and deliver it, together with written instructions to convert in the form attached hereto, to the Maker at its principal executive office. The date of such delivery shall be deemed the date of conversion. The Maker shall, as soon as practicable, issue and deliver to a location in the United States designated by the Holder certificates representing the securities (or other assets) to which the Holder is entitled as a result of such conversion together with a note for the unconverted balance.

The Maker shall not be required to issue fractions of shares of Common Stock upon conversion and in lieu thereof any fractional share shall be rounded up or down to the nearest whole share. The Maker shall reserve and shall at all times have reserved out of its authorized but unissued shares of Common Stock sufficient shares of Common Stock to permit the conversion of the unpaid principal amount and accrued interest as provided for herein. The Maker shall list such shares on any national securities exchange on which the Common Stock is then listed. If the Holder converts this Note, the Maker shall pay any documentary, stamp or similar issue or transfer tax due on such conversion except that the Holder shall pay any such tax due because the shares are issued in a name other than the Holder's.

The certificates representing shares of Common Stock issued upon conversion of this Note shall bear a legend to the effect that such shares are not registered under the 1933 Act and may not be sold, assigned or otherwise transferred or hypothecated except in accordance with the registration provisions of the 1933 Act or an exemption therefrom and in accordance with the provisions of that certain Investor Rights Agreement dated as of February 8, 2001 among New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG, the Maker, Frost-Nevada, Limited Partnership and the Principals party thereto ("Investor Rights Agreement"). This legend shall be removed on receipt of an opinion of counsel reasonably satisfactory to the Maker that such legend is no longer required.

2. Change of Control

(i) Promptly after the occurrence of a Change of Control (as hereinafter defined) (the date of such occurrence being the "Change of Control Date"), the Maker shall commence (or cause to be commenced) an offer to purchase all outstanding Notes pursuant to the terms described in paragraph (iii) of this "Change of Control" section (the "Change of Control Offer") at a purchase price equal to the unpaid principal amount of this Note and accrued interest thereon (the "Change of Control Amount") on the Change of Control Payment Date (as hereinafter defined), and shall purchase (or cause the purchase of) any Notes tendered in the Change of Control Offer pursuant to the terms hereof. As used in this Note, the term "Notes" means all Convertible Promissory Notes of the Maker

of like tenor to this Note (except as to principal amount, interest rate and Conversion Price). The Change of Control Amount shall be payable in cash.

(ii) Within 10 days following a Change in Control Date, the Maker shall send, by first-class mail, postage prepaid, a notice to the Holder. Such notice shall contain all instructions and materials necessary to enable the Holder to tender this Note pursuant to the Change of Control Offer and shall state:

(a) that a Change of Control has occurred, that a Change of Control Offer is being made pursuant to this "Change of Control" section and that all Notes validly tendered and not withdrawn will be accepted for payment;

(b) the Change of Control Amount and the purchase date (which must be no earlier than 10 days nor later than 20 days from the date such notice is mailed, other than as may be required by law) (the "Change of Control Payment Date");

(c) that any Notes not tendered will continue to accrue interest;

(d) that, unless the Maker defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(e) that holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender such Notes, properly endorsed for transfer, together with such other customary documents as the Maker may reasonably request to the Maker at the address specified in the notice prior to the close of business on the business day prior to the Change of Control Payment Date;

(f) that holders of Notes will be entitled to withdraw their election if the Maker receives, not later than two business days prior to the

Change of Control Payment Date, a telegram, facsimile transmission or letter setting forth the name of the holder, the principal amount of the Notes the holder delivered for purchase and a statement that such holder is withdrawing its election to have such Notes purchased;

(g) that holders who tender only a portion of their Notes will, upon purchase of the Notes tendered, be issued a Note representing the Notes not purchased; and

(h) the circumstances and relevant facts regarding such Change of Control (including information with respect to pro forma historical income, cash flow and capitalization after giving effect to such Change of Control).

(iii) The Maker will comply with any tender offer rules under the Exchange Act which then may be applicable in connection with any offer made by the Maker to repurchase the Notes as a result of a Change of Control. If the provisions of any securities laws or regulations conflict with provisions of this Note, in reliance on an opinion of counsel, the Maker may comply with the

applicable securities laws and regulations and shall not be deemed to have breached its obligation under this Note by virtue thereof.

(iv) On the Change of Control Payment Date, the Maker shall (A) accept for payment the Notes validly tendered pursuant to the Change of Control Offer, (B) pay to the holders of Notes so accepted the Change of Control Amount therefor in cash as provided above and (C) cancel each surrendered Note. Unless the Maker defaults in the payment for the Notes tendered pursuant to the Change of Control Offer, interest will cease to accrue with respect to the Notes tendered and all rights of holders of such tendered Notes will terminate, except for the right to receive payment therefor on the Change of Control Payment Date.

(v) To accept the Change of Control Offer, the holder of a Note shall deliver, prior to the close of business on the business day prior to the Change of Control Payment Date, written notice to the Maker (or an agent designated by the Maker for such purpose) of such holder's acceptance, together with the Notes with respect to which the Change of Control Offer is being accepted, duly endorsed for transfer.

(vi) For the avoidance of doubt, nothing in this "Change of Control" section shall restrict the right of the holders of Notes, in connection with a Change of Control, to convert and to receive the kind and amount of consideration payable to holders of Common Stock in respect of the Common Stock into which the Notes may be converted.

(vii) As used in this "Change of Control" section,

> "Change of Control" means: (a) the sale, lease, transfer, conveyance, merger, consolidation or other disposition (other than a merger or consolidation that does not result in any change in the Maker's stock and in which a majority of the successor's voting securities is held by holders of the Maker's Common Stock immediately before such transaction), in one or a series of related transactions, of all or substantially all the assets of the Maker and its subsidiaries, taken as a whole, to any "person" (as such term is used in Section 13(d)(3) of the Exchange Act), (b) the consummation of any transaction (including any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals party to the Investor Rights Agreement, New Valley Corporation, Ladenburg, Thalmann Group Inc., Berliner Effektengesellschaft AG and Dr.

Phillip Frost, individually or collectively, becomes the beneficial owner (as determined in accordance with Rules 13d-3 and 13d-5 under the Exchange Act, except that a person will be deemed to have beneficial ownership of all Voting Securities (as hereinafter defined) that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more

than 50% of the Voting Securities of the Maker, or (c) the first day on which a majority of the members of the Board of Directors of the Maker are not Continuing Directors;

"Continuing Directors" means individuals who constituted the Board of Directors of the Maker on the date hereof (the "Incumbent Directors"); provided that any individual becoming a director after the date hereof shall be considered to be an Incumbent Director if such individual's election, appointment or nomination was recommended or approved by at least two-thirds of the other Incumbent Directors continuing in office following such election, appointment or nomination present, in person or by telephone, at any meeting of the Board of Directors of the Maker, after the giving of a sufficient notice to each Incumbent Director so as to provide a reasonable opportunity for such Incumbent Directors to be present at such meeting; and

"Voting Securities" means securities of the Maker ordinarily having the power to vote for the election of directors of the Maker.

3. Events of Default

Upon the occurrence of any of the following events (herein called "Events of Default"):

(i) The Maker shall fail to make any payment of principal on this Note on the date specified herein for such payment;

(ii) The Maker shall fail to make any payment of interest on this Note or any other payment due under this Note or the Pledge Agreement within ten (10) days after it is due;

(iii) (a) The Maker or Ladenburg shall commence, or consent to the entry of an order for relief in, any proceeding or other action relating to it in bankruptcy or seek reorganization, arrangement, readjustment of its debts, receivership, dissolution, liquidation, winding-up, composition or any other relief under any bankruptcy law, or under any other insolvency, reorganization, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing; or (b) the Maker or Ladenburg shall admit the material allegations of any petition or pleading in connection with any such proceeding; or (c) the Maker or Ladenburg shall apply for, or consent or acquiesce to, the appointment of a receiver, conservator, trustee or similar officer for it or for all or a substantial part of its property; or (d) the Maker or Ladenburg shall make a general assignment for the benefit of creditors; or (e) the Maker or Ladenburg shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(iv) (a) The commencement of any proceedings or the taking of any other action against the Maker or Ladenburg in bankruptcy or seeking

reorganization, arrangement, readjustment of its debts, liquidation,

dissolution, arrangement, composition, or any other relief under any bankruptcy law or any other similar act or law of any jurisdiction, domestic or foreign, now or hereafter existing and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (b) the appointment of a receiver, conservator, trustee or similar officer for the Maker or Ladenburg for any of its property and the continuance of any of such events for sixty (60) days undismissed, unbonded or undischarged; or (c) the issuance of a warrant of attachment, execution or similar process against any of the property of the Maker or Ladenburg and the continuance of such event for sixty (60) days undismissed, unbonded and undischarged;

(v) The Maker or Ladenburg shall default with respect to any indebtedness of $250,000 or more for borrowed money if either (a) such default is a payment default or the effect of such default is to accelerate the maturity of such indebtedness (in each instance giving effect to any applicable grace periods) or (b) the holder of such indebtedness declares the Maker or Ladenburg to be in default (giving effect to any applicable grace periods);

(vi) The failure by the Maker to observe any of the covenants contained in this Note (other than the covenants to pay principal and interest and the covenants in Sections 2 or 5) or in the Pledge Agreement (other than Section 4.14) which failure is not cured within 30 days after notice thereof is given to the Maker by any of the Secured Parties thereunder (or, if such failure is not capable of being cured within such 30-day period, the failure of the Maker to continue to proceed in a diligent matter to effect such cure);

(vii) The failure by the Maker to observe any of the covenants contained in Sections 2 or 5 of this Note or in Section 4.14 of the Pledge Agreement or the lien of Pledge Agreement will at any time not constitute a first perfected lien on the collateral intended to be covered thereby; or

(viii) Any judgment or judgments against the Maker or Ladenburg or any attachment, levy or execution against any of its properties for any amount in excess of $250,000 in the aggregate shall remain unpaid, or shall not be released, discharged, dismissed, stayed or fully bonded for a period of sixty (60) days or more after its entry, issue or levy, as the case may be;

then, and in any such event, the Holder, at its option and with written notice to the Maker, may declare the entire principal amount of this Note then outstanding together with accrued unpaid interest thereon immediately due and payable, and the same shall forthwith become immediately due and payable without presentment, demand, protest, or other notice of any kind, all of which are expressly waived. The Events of Default listed herein are solely for the purpose of protecting the interests of the Holder of this Note. If the Note is not paid in full upon acceleration, as required above, interest shall accrue on the outstanding principal of and interest on this Note from the date of the Event of

Default up to and including the date of payment at a rate equal to the lesser of fifteen percent (15%) per annum or the maximum interest rate permitted by applicable law.

Upon the occurrence a default under this Note (whether or not it has become an Event of Default), the Maker agrees to pay the costs, expenses, attorneys' and other fees paid or incurred by the Holder, or adjudged by a court, including: (i) costs of suit and such amount as the court adjudges for the fees of an attorney in an action to enforce this Note in whole or in part;

and (ii) reasonable costs of collection, costs and expenses of, and attorneys' fees incurred or paid towards, the collection, enforcement, or sale of this Note in whole or in part, or of any security for it.

4. Payment of Claims

Pursuant to Section 7.6 of the Stock Purchase Agreement, the Maker may offset against amounts due under this Note any amounts owed by the Holder to the Maker except that, prior to December 31, 2005, the Maker shall not offset against amounts due under this Note any Claims against the Holder prior to settlement or the entry of a final judgment and the expiration of all applicable appeal periods and the failure of the Holder to pay such Claim within ten (10) Business Days after such settlement or expiration. If any payment of the indemnity obligations of the Holder pursuant to Section 8.1 of the Stock Purchase Agreement is required to be made, the Holder may satisfy such payment by delivery to the Maker of Notes acquired by it pursuant to the Stock Purchase Agreement in a principal amount, together with accrued interest, equal to the amount of the Claims for which payment is required in which case the Maker will issue a new Note to the Holder for the remainder.

5. Consolidation and Mergers.

The Maker shall not consolidate or merge into, or transfer or lease all or substantially all of its assets to, any person unless (1) the person is a corporation; (2) the person assumes in a writing reasonably acceptable to the Holder all the obligations of the Maker under this Note; and (3) immediately after the transaction no Event of Default exists. The surviving, transferee or lessee corporation shall be the successor Maker, but the predecessor Maker in the case of a transfer or lease shall not be released from the obligation to pay the principal of and interest of this Note.

6. Additional Provisions

The Maker and each other party liable herefor, whether principal, endorser, guarantor or otherwise, jointly and severally hereby (i) waive presentment, demand, protest, notice of dishonor and/or protest, notice of non-payment and all other notices or demands in connection with the delivery, acceptance, performance, default, enforcement or guaranty of this Note, and (ii) waive recourse to suretyship defenses generally, including extensions of time, releases of security and other indulgences which may be granted from time to time by the Holder to the Maker or any party liable herefor.

Nothing contained in this Note or in any other agreement between the Maker and the Holder shall require the Maker to pay, or the Holder to accept, interest in an amount which would subject the Holder to any penalty or forfeiture under applicable law. In no event shall the total of all charges payable hereunder, whether of interest or of such other charges which may or might be characterized as interest, exceed the maximum rate permitted to be charged under applicable law. Should the Holder receive any payment which is or would be in excess of that permitted to be charged under such applicable law, such payment shall have been and shall be deemed to have been made in error and shall automatically be applied to reduce the principal balance outstanding on this Note.

The Holder shall not, by any act, delay, omission or otherwise, be deemed to have waived any of its rights and/or remedies hereunder, and no waiver whatsoever shall be valid unless in writing, signed by the Holder, and then only to the extent therein set forth. The making of any demands or the giving of any notices by the Holder or a waiver by the Holder of any right and/or remedy hereunder on any one occasion shall not be construed as a bar to or waiver of any right and/or remedy which the Holder would otherwise have on any future

occasion. All rights and remedies of the Holder shall be cumulative and may be exercised singly or concurrently.

The terms and provisions hereof shall survive the payment, cancellation or surrender of this Note. Any instrument taken by the Holder in payment of, or for application against, any obligation of the Maker or any other party liable herefor shall not operate as a discharge of such obligation until the instrument is finally paid, notwithstanding the fact that a bank may be the maker, drawer or acceptor of such instrument.

This Note may be assigned by the Holder only as permitted by the provisions of the Investor Rights Agreement. In the event of a permitted assignment of less than the entire unpaid principal amount of this Note, at the request of the Holder the Maker shall issue new Notes to the transferee and the Holder in the amounts assigned and not assigned, respectively. If this Note is lost, destroyed or wrongfully taken, the Maker shall issue a replacement Note. The Maker may require a reasonable indemnity bond.

The authority to assert, and to determine to defend against, claims with respect to this Note on behalf of the Maker shall be vested solely in the Enforcement Committee established under the Stock Purchase Agreement. This Note may not be amended and no rights of the Maker hereunder may be waived except with the consent of the Enforcement Committee.

This Note shall be governed by, and construed in accordance with, the law of the State of New York without giving effect to principles of conflicts of law. The provisions of Section 10.2 (Notices) and 10.12 of the Stock Purchase Agreement (Consent to Jurisdiction and Service of Process) shall apply to this Note as if fully set forth herein. THE MAKER HEREBY WAIVES ALL RIGHT TO TRIAL BY

JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS NOTE OR ANY TRANSACTION RELATING THERETO.

GBI CAPITAL MANAGEMENT CORP.

By:_____
Richard Rosenstock, President

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INVESTOR RIGHTS AGREEMENT

dated as of February 8, 2001

among

NEW VALLEY CORPORATION,

LADENBURG, THALMANN GROUP INC.,

BERLINER EFFEKTENGESELLSCHAFT AG,

GBI CAPITAL MANAGEMENT CORP.,

FROST-NEVADA, LIMITED PARTNERSHIP

AND

THE PRINCIPALS

==========

INVESTOR RIGHTS AGREEMENT, dated as of February 8, 2001, among NEW VALLEY CORPORATION, a Delaware corporation ("New Valley"), LADENBURG, THALMANN GROUP INC., a Delaware corporation ("LTGI"), BERLINER EFFEKTENGESELLSCHAFT AG, a German corporation ("Berliner"), GBI CAPITAL MANAGEMENT CORP., a Florida corporation ("Corporation"), FROST-NEVADA, LIMITED PARTNERSHIP, a Nevada limited partnership ("Lender"), and the individual stockholders of the Corporation listed on Schedule A hereto ("Principals"). As used in this Agreement, the term "Principal" means, with respect to each individual listed on Schedule A hereto, such individual and, where applicable, the Living Trust set forth below his name.

WHEREAS, New Valley, LTGI and Berliner (collectively, the "Selling Parties"), the Corporation and Ladenburg, Thalmann & Co. Inc., a Delaware corporation, are parties to a Stock Purchase Agreement dated February 8, 2001 ("Stock Purchase Agreement");

WHEREAS, LTGI and Berliner ("Sellers") have the right to acquire shares of the Corporation's Common Stock, $0.0001 par value per share (the "Common Stock"), pursuant to the Stock Purchase Agreement;

WHEREAS, the Lender and the Corporation are parties to a Loan Agreement dated as of February 8, 2001 ("Loan Agreement"), pursuant to which the

Corporation will borrow $10,000,000 from the Lender to pay a portion of the Purchase Price under the Stock Purchase Agreement; and

WHEREAS, the Principals, together with Joseph Berland, are the only persons who individually own more than 5% of the Common Stock on the date hereof;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions.

Capitalized terms used herein and not defined herein have the meanings set forth in the Stock Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"beneficially owned" or words of similar import shall have the meaning as determined pursuant to Rule 13d-3 of the 1934 Act.

"Notes" means, collectively, the Notes to be issued by the Corporation to the Sellers pursuant to the Stock Purchase Agreement and the Lender Note to be issued by the Corporation to the Lender pursuant to the Loan Agreement.

"Registrable Securities" means only (i) the shares of Common Stock issued or issuable to the Sellers under the Stock Purchase Agreement, (ii) shares of Common Stock issuable on conversion of the Notes and (iii) any

additional shares of Common Stock issued or distributed by way of a dividend, stock split or other distribution in respect of such shares, and shall not include any other securities of the Corporation acquired by or issued to the parties hereto. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (i) a registration statement with respect to the sale of such securities shall have become effective under the 1933 Act and such securities shall have been disposed of in accordance with such registration, (ii) they shall have been distributed to the public pursuant to Rule 144 or (iii) they shall have ceased to be outstanding.

"Rule 144" means Rule 144 promulgated under the 1933 Act or any successor rule thereto or any complementary rule thereto.

"Voting Securities" means all securities of the Corporation entitled to vote in an election of directors.

Section 2. Effectiveness.

This Agreement shall become effective only upon the Closing of the Stock Purchase Agreement. This Agreement shall become null and void on the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

Section 3. Registration Rights.

(a) Registration Statement.

(i) Grant of Right. The Corporation shall file, and use commercially reasonable efforts to cause to be declared effective by the Commission no later than six months following the Closing Date, a registration statement (the "Required Registration Statement") to register the Registrable Securities owned by the Sellers and the Lender (the "Holders") for resale pursuant to the 1933 Act. Any of the

Principals may elect to have his shares of Common Stock included for registration pursuant to the Required Registration Statement upon written notice given to the Corporation at any time prior to the declaration of effectiveness of the Required Registration Statement by the Commission, in which event the term "Holders" as used in Sections 3 and 4 hereof shall include any Principal giving such notice, and for purposes of Sections 3 and 4 only (and not for purposes of any other provisions of this Agreement), the term "Registrable Securities" shall include the shares of Common Stock held by such Principal on the date hereof (and any shares underlying any options held by such Principal on the date hereof) with respect to which any such notice is given.

(ii) Terms. The Corporation shall bear all fees and expenses attendant to registering the Registrable Securities, but the Holders shall pay any and all sales commissions and the expenses of any legal counsel selected by them to represent them in connection with the sale of the Registrable Securities. The Corporation shall use its best efforts to cause any registration statement filed pursuant to Section

3(a) to remain effective until all the Registrable Securities registered thereunder are sold or until the delivery to the Holders of an opinion of counsel to the Corporation to the effect set forth in Section 3(g).

(b) Indemnification.

(i) The Corporation will indemnify the Holders, their directors and officers and each underwriter, if any, and each person who controls any of them within the meaning of the 1933 Act or the 1934 Act against all claims, losses, damages and liabilities (or actions or proceedings, commenced or threatened, in respect thereof), joint or several, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any registration, qualification or compliance pursuant to this Section 3 or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Corporation of the 1933 Act or any rule or regulation thereunder applicable to the Corporation in connection with any such registration, qualification or compliance, and will reimburse the Holders, their directors and officers, each such underwriter and each person who controls any such underwriter within the meaning of the 1933 Act or the 1934 Act for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action or proceeding; provided that the Corporation will not be liable to a Holder in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Corporation by or on behalf of such Holder specifically stating that it is intended for inclusion in any registration statement under which Registrable Securities are registered. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of a Holder or any such director, officer or controlling person, and shall survive the transfer of such securities by any Holder.

(ii) Each of the Holders, severally and not jointly, shall indemnify the Corporation, each of its directors and officers and each underwriter, if any, of the Corporation's securities covered by such

registration statement, each person who controls the Corporation or such underwriter within the meaning of the 1933 Act and the 1934 Act and the rules and regulations thereunder, each other securityholder participating in such distribution and each of their officers and directors and each person controlling such other securityholder, against all claims, losses, damages and liabilities (or actions or proceedings, commenced or threatened, in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Corporation and such other security holders, directors, officers, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action or proceeding, in each case to the extent, but only to the

extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such document in reliance upon and in conformity with written information furnished to the Corporation by or on behalf of such Holder specifically stating that it is intended for inclusion in such document; provided, however, that the obligations of each Holder hereunder shall be limited to an amount equal to the proceeds received by such Holder of securities sold as contemplated herein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Corporation or any such director, officer or controlling person, and shall survive the transfer of such securities by any Holder.

(iii) Each party desiring indemnification under this Section 3(b) or contribution under Section 3(c) hereof (the "Securities Indemnified Party") shall give notice to the party required to provide indemnification or contribution (the "Securities Indemnifying Party") promptly after such Securities Indemnified Party has actual knowledge of any claim as to which indemnity or contribution may be sought, and shall permit the Securities Indemnifying Party to assume, at its sole cost and expense, the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Securities Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Securities Indemnified Party (whose approval shall not be unreasonably withheld). The Securities Indemnified Party may participate in such defense at the Securities Indemnified Party's expense unless (A) the employment of counsel by the Securities Indemnified Party has been authorized in writing by the Securities Indemnifying Party, (B) the Securities Indemnified Party has been advised by such counsel employed by it that there are legal defenses available to it involving potential conflict with those of the Securities Indemnifying Party (in which case the Securities Indemnifying Party will not have the right to direct the defense of such action on behalf of the Securities Indemnified Party), or (C) the Securities Indemnifying Party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees and expenses of counsel for the Securities Indemnified Party shall be at the expense of the Securities Indemnifying Party. The failure of any Securities Indemnified Party to give notice as provided herein shall not relieve the Securities Indemnifying Party of its obligations under this Section 3(b) or Section 3(c). No Securities Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each

Securities Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Securities Indemnified Party of a release from all liability in respect to such claim or litigation. No Securities Indemnified Party shall settle any claim or demand without the prior written consent of the Securities Indemnifying Party (which consent will not be unreasonably withheld). Each Securities Indemnified Party shall furnish such information regarding itself or the claim in question as the Securities Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(iv) The provisions of this Section 3(b) shall be in addition to any other rights to indemnification or contribution which an Indemnified Party may have pursuant to law, equity, contract or otherwise.

(c) Contribution Rights. In order to provide for just and equitable contribution under the 1933 Act in any case in which (A) any person entitled to indemnification under Section 3(b) makes a claim for indemnification pursuant hereto but such indemnification is not enforced in such case notwithstanding the fact that Section 3(b) provides for indemnification in such case, or (B) contribution under the 1933 Act, the 1934 Act or otherwise is required on the part of any such person in circumstances for which indemnification is provided under Section 3(b), then, and in each such case, the Corporation and each of the Holders shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by said indemnity agreement (including legal and other expenses reasonably incurred in connection with investigation or defense) incurred by the Corporation and the Holders, as incurred, in proportion to their relative fault and the relative knowledge and access to information of the Securities Indemnifying Party, on the one hand, and the Securities Indemnified Party, on the other hand, concerning the matters resulting in such losses, liabilities, claims, damages and expenses, the opportunity to correct and prevent any untrue statement or omission, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission of a material fact relates to information supplied by the Securities Indemnifying Party, on the one hand, or the Securities Indemnified Party, on the other hand, and any other equitable considerations appropriate under the circumstances; provided that no person guilty of a fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 3(c), each person, if any, who controls the Corporation within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Corporation.

(d) Information. Each of the Holders shall furnish to the Corporation such information regarding itself and the distribution proposed by it as the Corporation may reasonably request in writing and as shall be reasonably required in connection with any registration, qualification or compliance referred to in this Section 3.

(e) 1934 Act Compliance. The Corporation shall comply with all of the reporting requirements of the 1934 Act and with all other public information reporting requirements of the Commission, which are conditions to the availability of Rule 144 for the sale of the Common Stock. The Corporation shall cooperate with each Holder in supplying such information as may be necessary for such Holder to complete and file any information reporting forms presently or hereafter required by the Commission as a condition to the availability of Rule 144.

(f) No Conflict of Rights. The Corporation represents and warrants to the holders of Registrable Securities that the granting of the registration rights to the Holders hereby does not and will not violate any agreement between

the Corporation and any other security holders with respect to registration rights granted by the Corporation.

(g) Termination. The rights granted under this Section 3 shall terminate upon delivery to the Holders of an opinion of counsel to the Corporation reasonably satisfactory to the Holders to the effect that such rights are no longer necessary for the public sale of the Registrable Securities without restriction as to the number of securities that may be sold at any one time or the manner of sale.

(h) Transferability. The rights granted under this Section 3 shall not be transferable except, as to the Sellers, together with the Registrable Securities to the other Seller or New Valley.

Section 4. Preparation and Filing.

If and whenever the Corporation is under an obligation pursuant to the provisions of this Agreement to use its commercially reasonable efforts to effect the registration of any Registrable Securities, the Corporation shall:

(a) furnish, as far in advance as reasonably practicable but in no event less than five business days before filing a registration statement that registers such Registrable Securities, a prospectus relating thereto or any amendments or supplements relating to such a registration statement or prospectus, to one counsel selected by the holders of a majority of such Registrable Securities (the "Selling Holders' Counsel"), copies of all such documents proposed to be filed (it being understood that such five-business-day period need not apply to successive drafts of the same document proposed to be filed so long as such successive drafts are supplied to such counsel in advance of the proposed filing by a period of time that is customary and reasonable under the circumstances) and any Holder shall have the opportunity to object to any information pertaining solely to such holder that is contained therein and the Corporation will make the corrections reasonably requested by such Holder with respect to such information prior to filing any such registration statement or amendment;

(b) notify in writing the Selling Holders' Counsel promptly (i) of the receipt by the Corporation of comments by the Commission with respect to such registration statement or prospectus or any amendment or supplement thereto or any request by the Commission for the amending or supplementing thereof or for additional information with respect thereto, (ii) of the receipt by the Corporation of any notification with respect to the effectiveness, or the issuance by the Commission of any stop order suspending the effectiveness, of such registration statement or prospectus or any amendment or supplement thereto or the initiation or threatening of any proceeding for that purpose and (iii) of the receipt by the Corporation of any notification with respect to the suspension of the qualification of such Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purposes;

(c) use its commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or blue

sky laws of such jurisdictions as any Holder reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Holder; provided, however, that the Corporation will not be required to qualify generally to do business, subject itself to general taxation or consent to general service of process in any jurisdiction where it would not otherwise be required so to do but for this paragraph (c);

(d) furnish to each Holder a conformed copy of the registration statement, the exhibits thereto and such number of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the 1933 Act, and such other documents as such Holder may reasonably request in order to facilitate the public sale or other disposition of its Registrable Securities;

(e) use its commercially reasonable efforts to cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Corporation to enable the Holders to consummate the disposition of such Registrable Securities;

(f) notify on a timely basis each Holder at any time when a prospectus relating to such Registrable Securities is required to be delivered under the 1933 Act within the appropriate period mentioned in paragraph (a) of this Section, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing and, at the request of such Holder, prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the offerees of such shares, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(g) subject to execution of customary confidentiality agreements by the Inspectors (as defined below) make available for inspection by the Selling Holders' Counsel or any underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other agent retained by any such underwriter (collectively, the "Inspectors") all pertinent financial and other records, pertinent corporate documents and properties of the Corporation as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Corporation's officers, directors and employees to supply all such information reasonably requested by any such Inspector in connection with such registration statement;

(h) provide a transfer agent and registrar (which may be the same entity and which may be the Corporation) for such Registrable Securities;

(i) otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the Commission and make available to its security holders, as soon as reasonably practicable, earnings statements (which need not be audited) covering a

period of 12 months beginning within three months after the effective date of the registration statement, which earnings statements shall satisfy the provisions of Section 10(a) of the 1933 Act; and

(j) use its commercially reasonable efforts to take all other steps necessary to effect the registration of such Registrable Securities contemplated hereby.

Section 5. Tag Along Rights.

Except with respect to a sale or other transfer to an Affiliate of LTGI, if LTGI proposes to sell or otherwise transfer, directly or indirectly, to a person ("Third Party Purchaser") other than any other holder of Voting Securities party to this Agreement (except in a pledge to a financial institution, a merger or recapitalization of the Corporation in which all holders of Voting Securities participate or a tender offer not opposed by the Corporation) (a "Proposed Sale") more than 5% of the shares of Common Stock beneficially owned by LTGI at the time of the Proposed Sale, LTGI (the "Selling Holder") shall give written notice ("Sale Notice") of the Proposed Sale (including the proposed per-share sale price and all other material terms of the transaction) to each of the Lender and the Principals (each of the Lender and Principals, a "Tag-Along Holder") no later than five (5) days prior to the scheduled consummation of the Proposed Sale. Each Tag-Along Holder may, by written notice ("Participation Notice") given to the Selling Holder within three (3) days after the Sale Notice is given by the Selling Holder, elect to require the Third Party Purchaser to purchase from each such Tag-Along Holder such Tag-Along Holder's Proportionate Share (as hereinafter defined) of the shares of Common Stock included in its Registrable Securities. The failure of a Tag-Along Holder to respond within the three-day period following receipt of the Sale Notice shall be deemed to be a waiver of the Tag-Along Holder's rights under this Section 5. It shall be a condition to the consummation of the Proposed Sale by the Selling Holder that the Third Party Purchaser purchase from each Tag-Along Holder who has given a Participation Notice within the time period specified above that number of shares of Common Stock constituting such Tag-Along Holder's Proportionate Share on the same terms and conditions as pertain to the shares of Common Stock to be sold by the Selling Holder in the Proposed Sale except that the Tag-Along Holder shall not be required to make any agreements or representations other than its ownership of the shares it is selling. As used herein, "Proportionate Share" means, with respect to a Tag-Along Holder, that number of shares of Common Stock equal to that percentage of the shares of Common Stock included in its Registrable Securities determined by multiplying (x) the total number of such shares of Common Stock then held by the Tag-Along Holder by (y) a fraction, the numerator of which is the number of shares of Common Stock proposed to be sold by the Selling Holder in the Proposed Sale and the denominator of which is the number of shares of Common Stock then

owned by such Selling Holder (as adjusted for all Adjustment Events). The rights set forth in this Section 5 shall not be transferable and shall expire at the earlier of such time as (a) the Selling Holder beneficially owns less than 40% of the outstanding Common Stock or (b) the Principals and Lenders collectively beneficially own less than 10% of the outstanding Common Stock. For so long as the rights set forth in this Section 5 shall exist, New Valley hereby agrees not to transfer any of the outstanding shares of LTGI to a Third Party Purchaser without the consent of the Principals and the Lender; provided, however, that New Valley may transfer such shares to any of its Affiliates without the consent of the Principals and the Lender, provided, further, that New Valley may only transfer shares of LTGI stock to an Affiliate if such Affiliate agrees to be bound by the terms of this Agreement.

Section 6. Holdback Agreement.

If there shall be a firm commitment underwriting of the Corporation's Common Stock and the managing underwriter for such registration shall request, the holders of Voting Securities who are party to this Agreement shall not sell, sell short, offer or contract to sell, grant any option or warrant for the sale of, or assign, transfer, pledge, hypothecate or otherwise encumber or dispose of any legal or beneficial interest in, any Common Stock or Registrable Securities without the prior written consent of the managing underwriter for a period designated by the Corporation in writing to such holders, which period shall not begin more than 30 days prior to the effectiveness of the registration statement pursuant to which such public offering shall be made and shall not last more than 180 days after the effective date of such registration statement.

Section 7. Board Nominee.

Effective upon the Closing, the Corporation and the Sellers shall take such actions as are reasonably necessary to appoint Messrs. Mark Zeitchick, Vincent Mangone and Richard Rosenstock as directors of the Corporation to serve until the next meeting of stockholders at which directors are elected. Until such time as the Principals collectively beneficially own less than ten percent (10%) of Common Stock, the Principals may nominate three individuals reasonably acceptable to the Corporation for election to the Corporation's Board of Directors at all meetings of stockholders at which directors are elected. If any of the Principals' nominees are elected and subsequently cease to be a director on account of death, resignation, removal or otherwise, the Principals shall have the right to designate a successor to such nominee, which successor nominee shall be a person reasonably acceptable to the Corporation. The Principals may remove, for any reason, at any time, the director it has designated without the consent of any other stockholder. The Sellers shall vote all Voting Securities they own or with respect to which they otherwise have the right to vote for the election or removal (at the Principals' request) of the Principals' nominees.

Section 8. Representations and Warranties of the Parties.

Each of the parties hereto, severally and not jointly, hereby represent and warrant to the other as follows:

(a) Authorization. Such party has the legal capacity to execute, deliver and perform this Agreement. This Agreement constitutes a valid and binding obligation of such party enforceable against such party in accordance with its terms.

(b) No Conflict. The execution, delivery and performance by such party of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) result in any breach or violation of or be in conflict with or constitute a default under the terms of any law, order, regulation or agreement or arrangement to which it is a party or by which it is bound, (ii) require any filing with or authorization by any governmental entity other than any Schedule 13D or 13G filings under the 1934 Act or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which it is entitled under any provision of any agreement or other instrument binding on it.

(c) Reliance. Such party understands and acknowledges that the other parties hereto are entering into the Stock Purchase Agreement and the Loan Agreement in reliance upon its execution and delivery of this Agreement.

Section 9. Right of First Refusal.

(a) From the Closing Date until December 31, 2005, if either Berliner or the Lender (each of Berliner and the Lender, the "ROFR Seller") proposes to sell, transfer or otherwise dispose of any of its Notes or, upon conversion of such Notes, any of the shares of Common Stock underlying such Notes, the ROFR Seller shall promptly give written notice ("ROFR Notice") to LTGI at least one (1) business day prior to the proposed closing date of such sale or transfer. The ROFR Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Notes (or underlying shares, as the case may be) to be sold or transferred ("Offered Securities"), the nature of such sale or transfer, the consideration to be paid, and, where applicable, the name and address of each prospective purchaser or transferee. The giving of such notice shall grant to LTGI the rights set forth in paragraph (b) below. LTGI can elect to exercise rights under paragraph (b) or do nothing.

(b) LTGI shall have the right, exercisable no later than one (1) business day after receipt of the ROFR Notice, to purchase any or all of the Offered Securities on the same terms and conditions as set forth in the ROFR Notice, by delivery of written notice to the ROFR Seller within the aforesaid one (1) business day period (such purchase to be consummated on the third business day after delivery of such notice). If LTGI elects to purchase less than all of the Offered Securities, the ROFR Seller may transfer those Offered Securities which LTGI has elected not to purchase in accordance with paragraph (d) below.

(c) LTGI's exercise or non-exercise of its right to purchase Offered Securities shall not adversely affect its rights as to subsequent sales of Notes (or underlying shares) subject to this Section 9.

(d) If LTGI has not exercised its right to purchase any or all the Offered Shares within the period specified in paragraph (b) above, the ROFR Seller may, not later than sixty (60) days following delivery to LTGI of the ROFR Notice, conclude a transfer of any or all of the Offered Securities on terms and conditions not materially less favorable to it from those described in the ROFR Notice. Any proposed transfer on terms and conditions less favorable to it from those described in the ROFR Notice, as well as any subsequent proposed transfer of any of the Notes (or underlying shares) by the ROFR Seller shall again be subject to the purchase rights of LTGI and shall require compliance by the ROFR Seller with the procedures described in this Section 9.

(e) Any attempt by Berliner or the Lender to transfer Notes (or the underlying shares) in violation of Section 9 hereof shall be void and the Corporation will not effect such a transfer nor will it treat any alleged transferee as the holder of such securities.

Section 10. Assignment; Parties in Interest.

(a) Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of the parties and each of their respective successors and permitted assigns.

(b) The Selling Parties shall not make any transfer of Registrable Securities to any person or entity otherwise allowed by such Section other than open market sales or sales under the Required Registration Statement on the open market unless the transferee executes an agreement, reasonably satisfactory to the Corporation, agreeing to be bound by the provisions of this Agreement. Such

transferee shall have the benefits of a Selling Party under this Agreement to the extent such benefits are specifically stated herein to accrue to such transferee.

Section 11. Miscellaneous.

(a) Binding Effect. All covenants, representations, warranties and other stipulations in this Agreement and other documents referred to herein, given by or on behalf of any of the parties hereto, shall bind and inure to the benefit of the respective successors, heirs, personal representatives and assigns of the parties hereto.

(b) Entire Agreement. This Agreement contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior arrangements or understandings with respect hereto.

(c) Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument and shall be deemed to have been duly given when delivered in person, by telecopy, by nationally-recognized overnight courier, or by first class registered

or certified mail, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addressor at the address and telecopier numbers set forth in the Stock Purchase Agreement, with respect to the Selling Parties, in the Loan Agreement, with respect to the Lender, and at the addresses and telecopier numbers set forth in Schedule A for the Principals. All such notices, requests, consents and other communications shall be deemed to have been delivered when received.

(d) Modifications; Amendments; Waivers. The terms and provisions of this Agreement may not be modified or amended, nor any provision hereof waived, except pursuant to a writing signed by the Corporation, the Holders (including their assigns) and the Principals; provided, however, that only a writing signed by the Sellers and the Lender is required to modify, amend or waive any of the provisions of, Section 9 hereof. No waiver by any party of any term of this Agreement in any one or more instances shall be deemed or construed as a waiver of such term on any future occasion.

(e) Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(f) Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

(g) Severability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or

enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(h) Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York, without giving effect to principles governing conflicts of laws, except to the extent the provisions of the Florida Business Corporation Act apply.

(i) Specific Performance: Remedies. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity. Except as otherwise expressly provided for herein, no remedy conferred by any of

the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by any party hereto shall not constitute a waiver by any such party of the right to pursue any other available remedies.

(j) Consent to Jurisdiction.

(i) Each of the Selling Parties, the Lender, the Corporation and the Principals hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and to the jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of the Selling Parties, the Lender, the Corporation and the Principals hereby irrevocably agrees that all claims in respect to such action or proceeding shall be heard and determined exclusively in any New York state or federal court. Each of the Selling Parties, the Lender, the Corporation and the Principals agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(ii) Each of the Selling Parties, the Corporation and the Principals irrevocably consents to the service of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. Nothing in this Section 11(j) shall affect the right of any party to serve legal process in any other manner permitted by law.

(k) WAIVER OF JURY TRIAL. EACH OF THE SELLING PARTIES, THE LENDER, THE CORPORATION AND THE PRINCIPALS HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE SELLING PARTIES, THE LENDER, THE CORPORATION AND THE PRINCIPALS IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

(l) Further Assurances. Each party will take such further actions as may reasonably be requested by another party to effect the purposes of this Agreement.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Investor Rights Agreement on the date first written above.

NEW VALLEY CORPORATION

/s/ Richard J. Lampen
By:_____
Name: Richard J. Lampen
Title: Executive Vice President

LADENBURG, THALMANN GROUP INC.

/s/ Victor Rivas
By:_____
Name: Victor Rivas
Title:

BERLINER EFFEKTENGESELLSCHAFT AG

/s/ Holger Timm
By:_____
Name: Holger Timm
Title: Chief Executive Officer

GBI CAPITAL MANAGEMENT CORP.

/s/ Richard J. Rosenstock
By:_____
Name: Richard J. Rosenstock
Title: President

FROST-NEVADA, LIMITED PARTNERSHIP

/s/ David Moskowitz
By: _____
Name: David Moskowitz
Title: President

PRINCIPALS:

/s/ Richard J. Rosenstock
_____
RICHARD J. ROSENSTOCK

/s/ Mark Zeitchick

MARK ZEITCHICK

/s/ Vincent A. Mangone

VINCENT A. MANGONE

/s/ David Thalheim

DAVID THALHEIM

SCHEDULE A

Name, Address and Fax Number	Number of Shares
RICHARD J. ROSENSTOCK Richard J. Rosenstock Revocable Living Trust dated 3/5/96 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	3,945,060
MARK ZEITCHICK c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	1,512,273
VINCENT A. MANGONE Vincent A. Mangone Revocable Living Trust dated 11/5/96 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	1,512,273
DAVID THALHEIM David Thalheim Revocable Living Trust dated 3/5/96 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	1,512,273

PROXY AND VOTING AGREEMENT, dated as of February 8, 2001 (this "Agreement"), among New Valley Corporation, a Delaware corporation ("New Valley"), Ladenburg, Thalmann Group Inc., a Delaware corporation ("LTGI"), Berliner Effektengesellschaft AG, a German corporation ("Berliner") and the individual stockholders of GBI Capital Management Corp. listed on Schedule A hereto (collectively, the "Principals"). As used in this Agreement, the term "Principal" means, with respect to each individual listed on Schedule A hereto, such individual and, where applicable, the Living Trust set forth below his name.

WHEREAS, the Selling Parties, GBI Capital Management Corp., a Florida corporation (the "Purchaser"), and Ladenburg, Thalmann & Co. Inc., a Delaware corporation ("Ladenburg"), are parties to a Stock Purchase Agreement dated February 8, 2001 (the "Stock Purchase Agreement"; capitalized terms not defined herein shall have the meanings ascribed to them in the Stock Purchase Agreement), pursuant to which the Purchaser shall acquire all of the outstanding shares of capital stock of Ladenburg from the Selling Parties;

WHEREAS, the Sellers have the right to acquire shares of Purchaser Common Stock pursuant to the Stock Purchase Agreement; and

WHEREAS, the Selling Parties are entering into the Stock Purchase Agreement in reliance upon the execution and delivery of this Agreement by the Principals;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations and Warranties. Each Principal represents and warrants to the Selling Parties that:

(a) Such Principal owns, beneficially and of record, as of the date hereof, the number of shares of Purchaser Common Stock set forth next to his name in Schedule A hereto (collectively, the "Shares"), subject to no rights of others and free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Principal's voting rights, charges and other encumbrances of any nature whatsoever other than those imposed by federal and state securities laws. On the date hereof, the Shares constitute all of the shares of Purchaser Common Stock beneficially owned by each such Principal. Except as provided in those certain agreements between Frost-Nevada, Limited Partnership ("Frost-Nevada") and each of Messrs. Rosenstock, Mangone, Thalheim and Zeitchick, respectively (copies of which has been provided to New Valley), to sell an aggregate of 550,000 shares of Purchaser Common Stock to Frost-Nevada, such Principal's right to vote or dispose of the Shares beneficially owned by such Principal is not subject to any voting trust, voting agreement, voting arrangement or proxy and such Principal has not entered into any contract, option or other arrangement or undertaking with respect thereto.

(b) Each Principal has the legal capacity to execute, deliver and perform this Agreement. This Agreement constitutes a valid and binding obligation of each Principal enforceable against him in accordance with its terms. If each Principal is married and the Shares constitute community property under applicable law, this Agreement has been duly authorized, executed and delivered by, and constitutes the valid and binding agreement of, the Principal's spouse enforceable against such spouse in accordance with its terms.

(c) The execution, delivery and performance by each Principal

of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) result in any breach or violation of or be in conflict with or constitute a default under the terms of any law, order, regulation or agreement or arrangement to which he is a party or by which he is bound, (ii) require any filing with or authorization by any governmental entity or (iii) require any consent or other action by any person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which he is entitled under any provision of any agreement or other instrument binding on him.

Section 2. Voting Agreement. (a) Until the Closing Date, no Principal will assign, sell, pledge, hypothecate or otherwise transfer or dispose of any of the shares of Purchaser Common Stock beneficially owned by such Principal, or any other securities of the Purchaser with respect to which he otherwise has the right to vote, or any interest therein, deposit any of such shares or securities into a voting trust or enter into a voting agreement or arrangement or grant any proxy with respect thereto (except as contemplated by this Proxy and Voting Agreement) or enter into any contract, option or other arrangement or undertaking with respect to the direct or indirect transfer or disposition of any of the shares or securities. In the case of any transfer by operation of law, this Agreement shall be binding upon the transferee.

(b) Each Principal will, with respect to those shares of Purchaser Common Stock or other securities of the Purchaser that such Principal either owns for voting at the Purchaser Stockholder Meeting to be held for the purpose of voting on the adoption of the Transaction Documents and the issuance of shares of Purchaser Common Stock pursuant to the Transaction Documents or for granting any written consent in connection with the solicitation of written consents in lieu of such a meeting or with respect to which such Principal otherwise controls the vote, vote or cause to be voted such shares (or execute written consents with respect to such shares) (i) to approve the Transaction Documents, the issuance of shares of Purchaser Common Stock pursuant to the Transaction Documents and the transactions contemplated thereby, (ii) against any Purchaser Alternative Transaction and (iii) in favor of any other matter necessary for the consummation of the transactions contemplated by the Transaction Documents.

(c) Each Principal acknowledges that concurrently with the execution of this Agreement, such Principal has executed and delivered to LTGI an Irrevocable Proxy, pursuant to Section 607.0722 of the Florida Business Corporation Act, coupled with an interest, the form of which is attached hereto as Exhibit A, so as to vote such shares in accordance with this Section 2 and each Principal hereby grants to LTGI such irrevocable proxy. The terms of this proxy shall expire upon approval by the requisite vote of the Purchaser's stockholders at the Purchaser Stockholder Meeting or at any adjournment thereof

of the adoption of the Transaction Documents and issuance of the Purchaser Common Stock as contemplated thereby or upon the earlier termination of the Stock Purchase Agreement in accordance with the provisions thereof.

(d) The Principals, New Valley and LTGI shall use commercially reasonable efforts to cause the agreements in this Section 2 to be appropriately disclosed in filings with the Commission, including the Proxy Statement referred to in the Stock Purchase Agreement.

Section 3. No Solicitation. Prior to the Closing Date, no Principal shall, and each Principal shall use best efforts to cause such Principal's Affiliates (other than the Purchaser) and Representatives not to, initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any Purchaser Alternative Transaction, or engage in any negotiations concerning, or provide any confidential information or otherwise facilitate any

effort or attempt to make or implement, a Purchaser Alternative Transaction. The Principals will promptly notify the Selling Parties if any such inquiries, proposals or offers are received by, any such information is requested from, or any such negotiations or discussions are sought to be initiated or continued with, such Principal or any of such Persons. Notwithstanding the foregoing, nothing in this Section shall prevent any Principal from taking the actions referred to in Section 5.16 of the Stock Purchase Agreement, but only in the circumstances and subject to the conditions specified therein.

Section 4. Binding Effect. All covenants, representations, warranties and other stipulations in this Agreement and other documents referred to herein, given by or on behalf of any of the parties hereto, shall bind and inure to the benefit of the respective successors, heirs, personal representatives and assigns of the parties hereto.

Section 5. Entire Agreement. This Agreement contains the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior arrangements or understandings with respect hereto.

Section 6. Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument and shall be deemed to have been duly given when delivered in person, by telecopy, by nationally-recognized overnight courier, or by first class registered or certified mail, postage prepaid, addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addressor at the address and telecopier numbers set forth in the Stock Purchase Agreement, with respect to the Selling Parties, and at the addresses and telecopier numbers set forth in Schedule A for the Principals. All such notices, requests, consents and other communications shall be deemed to have been delivered when received.

Section 7. Modifications; Amendments; Waivers. The terms and provisions of this Agreement may not be modified or amended, nor any provision hereof waived, except pursuant to a writing signed by the parties hereto (including their assigns). No waiver by any party of any term of this Agreement in any one or more instances shall be deemed or construed as a waiver of such term on any future occasion.

Section 8. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

Section 9. Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

Section 10. Severability. It is the desire and intent of the parties that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any provision of this Agreement would be held in any jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 11. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York, without giving effect to principles governing conflicts of laws, except to the extent that provisions of the Florida Business Corporation Act apply, which provisions the parties cannot legally waive or otherwise exclude, exempt or release themselves from by contract.

Section 12. Specific Performance: Remedies. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity. Except as otherwise expressly provided for herein, no remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by any party hereto shall not constitute a waiver by any such party of the right to pursue any other available remedies.

Section 13. Consent to Jurisdiction; Service of Process. Each of the parties hereto hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and to the jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York, for the purpose of any action or proceeding arising out of or relating to this Agreement and each of the parties hereto hereby irrevocably agrees that all claims in respect to such action or proceeding shall be heard and determined exclusively in any New York state or federal court. Each of the parties hereto agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto irrevocably consents to the service

of the summons and complaint and any other process in any other action or proceeding relating to the transactions contemplated by this Agreement, on behalf of itself or its property, by personal delivery of copies of such process to such party. Nothing in this Section 13 shall affect the right of any party to serve legal process in any other manner permitted by law.

Section 14. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF THE PARTIES HERETO IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF.

Section 15. Further Assurances. Each party will take such further actions as may reasonably be requested by another party to effect the purposes of this Agreement.

Section 16. Termination. This Agreement shall terminate upon a termination of the Stock Purchase Agreement in accordance with the provisions of its terms.

[Signature Page Immediately Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Proxy and Voting Agreement on the date first written above.

NEW VALLEY CORPORATION

/s/ Richard J. Lampen
By:_____
Name: Richard J. Lampen
Title: Executive Vice President

LADENBURG, THALMANN GROUP INC.

/s/ Victor Rivas
By:_____
Name: Victor Rivas
Title:

BERLINER EFFEKTENGESELLSCHAFT AG

/s/ Holger Timm
By:_____
Name: Holger Timm
Title: Chief Executive Officer

PRINCIPALS:

/s/ Joseph Berland
_____
JOSEPH BERLAND

JOSEPH BERLAND REVOCABLE LIVING TRUST DTD 4/16/97

/s/ Joseph Berland
By:_____
Name: Joseph Berland
Title:

/s/ Richard J. Rosenstock
_____
RICHARD J. ROSENSTOCK

RICHARD J. ROSENSTOCK REVOCABLE LIVING TRUST DTD 3/5/96

/s/ Richard J. Rosenstock
By:_____
Name: Richard J. Rosenstock
Title:

/s/ Mark Zeitchick
_____
MARK ZEITCHICK

/s/ Vincent A. Mangone
_____
VINCENT A. MANGONE

VINCENT A. MANGONE REVOCABLE LIVING TRUST DTD 11/5/96

/s/ Vincent A. Mangone
By:_____
Name: Vincent A. Mangone
Title:

/s/ David Thalheim
_____
DAVID THALHEIM

DAVID THALHEIM REVOCABLE LIVING TRUST DTD 3/5/96

/s/ David Thalheim
By:_____
Name: /s/ David Thalheim
Title:

SCHEDULE A

Name, Address and Fax Number	Number of Shares
Joseph Berland Joseph Berland Revocable Living Trust dated 4/16/97 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	3,945,060
Richard J. Rosenstock Richard J. Rosenstock Revocable Living Trust dated 3/5/96 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	3,945,060
Mark Zeitchick c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	1,512,273
Vincent a. Mangone Vincent A. Mangone Revocable Living Trust dated 11/5/96 c/o GBI Capital Management Corp. 1055 Stewart Avenue Bethpage, NY 11714 Facsimile No.: (516) 470-1050	1,512,273
David Thalheim David Thalheim Revocable Living Trust dated 3/5/96	1,512,273

c/o GBI Capital Management Corp.
1055 Stewart Avenue
Bethpage, NY 11714

Facsimile No.: (516) 470-1050

EXHIBIT A

IRREVOCABLE PROXY

Each of the undersigned shareholders of GBI Capital Management Corp., a Florida corporation (the "Purchaser"), hereby irrevocably (to the fullest extent provided by law, but subject to automatic termination and revocation as provided below) appoints Ladenburg, Thalmann Group Inc., a Delaware corporation ("LTGI"), or any designee of LTGI, the attorney and proxy of each of the undersigned, with full power of substitution and resubstitution, to the full extent of each of the undersigned's rights with respect to the shares of capital stock of the Purchaser owned beneficially or of record by each of the undersigned, which shares are listed in Schedule A to the Proxy and Voting Agreement referred to below, and any and all other shares or securities of the Purchaser issued or issuable with respect thereof or otherwise acquired by the undersigned shareholders on or after the date hereof, until the termination date specified in the Proxy and Voting Agreement (the "Shares"). Upon the execution hereof, all prior proxies given by the undersigned with respect to the Shares are hereby revoked and no subsequent proxies will be given as to the matters covered hereby prior to the earlier of the date of termination of the Proxy and Voting Agreement pursuant to Section 16 thereof (the "Termination Date") and the Closing Date of the Stock Purchase Agreement (such earlier date being hereinafter referred to as the "Proxy Termination Date"). This proxy is irrevocable (to the fullest extent provided by law, but subject to automatic termination and revocation as provided below), coupled with an interest, and is granted in connection with the Proxy and Voting Agreement, dated as of February 8, 2001, among New Valley Corporation, LTGI, Berliner Effektengesellschaft AG and the individual stockholders listed on Schedule A thereto, as the same may be amended from time to time (the "Proxy and Voting Agreement", capitalized terms not otherwise defined herein being used herein as therein defined), and is granted in consideration of the undersigned shareholders entering into the Stock Purchase Agreement referred to therein.

The attorney and proxy named above will be empowered at any time prior to the Proxy Termination Date to exercise all voting and other rights with respect to the Shares (including, without limitation, the power to execute and deliver written consents with respect to the Shares) of the undersigned shareholders at every annual, special or adjourned meeting of shareholders of the Purchaser held prior to the Proxy Termination Date and in connection with every solicitation of written consents in lieu of such a meeting prior to the Proxy Termination Date, or otherwise, to the extent that any of the following matters is considered and voted on at any such meeting or in connection with any such consent solicitation: (i) approval of the Transaction Documents, the execution and delivery by the Purchaser of the Transaction Documents and the approval of the terms thereof and each of the further actions contemplated by the Transaction Documents, including the issuance of shares of Purchaser Common Stock in connection therewith, and any actions required in furtherance thereof; (ii) against any action, any failure to act, or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Purchaser or any of the undersigned shareholders under the Transaction Documents or the Proxy and Voting Agreement (before giving effect to any materiality or similar qualifications contained therein); (iii) against any Purchaser Alternative Proposal and (iv) in favor of any other matter

necessary for the consummation of the transactions contemplated by the Transaction Documents.

The attorney and proxy named above may only exercise this proxy to vote the Shares subject hereto in accordance with the preceding paragraph, and may not exercise this proxy in respect of any other matter. The undersigned shareholders may vote the Shares (or grant one or more proxies to vote the Shares) on all other matters.

Any obligation of the undersigned shareholders hereunder shall be binding upon the successors and assigns of the undersigned shareholders.

This proxy is irrevocable and coupled with an interest, but shall automatically terminate and be revoked and be of no further force and effect on and after the Proxy Termination Date.

Dated: February 8, 2001

Joseph Berland

Richard J. Rosenstock

Mark Zeitchick

Vincent A. Mangone

David Thalheim

LOAN AGREEMENT

AGREEMENT dated as of February 8, 2001, between GBI CAPITAL MANAGEMENT CORP., a Florida corporation, having an address at 1055 Stewart Avenue, Bethpage, New York 11714 ("Borrower"), and FROST-NEVADA, LIMITED PARTNERSHIP, a Nevada limited partnership, having an address at 3500 Lakeside Court, Suite 200, Reno, Nevada 89509 ("Lender").

W I T N E S S E T H:

ARTICLE I

THE LOAN

SECTION 1.1 Commitment and Loan. (a) Subject to the terms and conditions of this Agreement, at the request of Borrower, Lender agrees to lend to Borrower the aggregate sum of Ten Million Dollars ($10,000,000) (the "Commitment"). Lender shall advance the funds due under the Commitment to Borrower (the "Loan") concurrently with, and subject to, the closing ("Closing") of the transactions contemplated by that certain Stock Purchase Agreement dated February 8, 2001, among Borrower, New Valley Corporation, Ladenburg, Thalmann Group Inc. ("LTGI"), Ladenburg, Thalmann & Co. Inc. ("Ladenburg") and Berliner (the "Stock Purchase Agreement").

SECTION 1.2 Maturity of Loan. The Loan, together with interest thereon, shall be repayable by Borrower on December 31, 2005.

SECTION 1.3 Interest. The Loan shall bear interest until maturity at the rate of eight and one half percent (8-1/2%) per annum, payable on March 31, June 30, September 30 and December 31 of each year, commencing June 30, 2001. If the Loan is not paid in full when due, the Loan shall bear interest at the rate of 15% per annum on the unpaid principal amount thereof, payable on demand.

SECTION 1.4 Promissory Note. Upon the advance of the Loan to Borrower, Borrower shall execute and deliver to Lender a promissory note in the form of Exhibit I annexed hereto (the "Lender Note"). The terms and conditions of the Lender Note are incorporated herein by reference as if fully set forth herein. In the event of conflict between the provisions of this Agreement and the provisions of the Lender Note, the provisions of the Lender Note shall govern.

SECTION 1.5 Use of Proceeds. The proceeds of the Loan shall be used by Borrower only for making payment of the cash portion of the Purchase Price (as defined in the Stock Purchase Agreement).

SECTION 1.6 Security. To secure Borrower's obligation to repay the Loan, Borrower hereby grants to Lender a security interest in and to the Ladenburg Stock (as defined in the Stock Purchase Agreement) and the proceeds thereof, in accordance with the provisions of a Pledge and Security Agreement in the form annexed hereto as Exhibit II to be entered into by the Borrower, LTGI , Berliner and the Collateral Agent party thereto upon the Closing ("Pledge Agreement"). The terms and conditions of the Pledge Agreement are incorporated herein by reference as if fully set forth herein. In the event of a conflict between the provisions of this Agreement and the provisions of the Pledge Agreement, the provisions of the Pledge Agreement shall govern.

SECTION 1.7 Conditions. The obligation of Lender to fund the Loan shall be subject to the Closing under the Stock Purchase Agreement and the delivery by Borrower of the Lender Note and the Pledge Agreement and the Ladenburg Stock pursuant to the Pledge Agreement.

SECTION 1.8 Nature of the Notes. The Lender Note and the notes to be issued to the Sellers pursuant to the Stock Purchase Agreement in partial payment of the Purchase Price thereunder (the "Purchase Notes") shall be pari passu in all respects and shall be entitled to share ratably in all payments made and security granted with respect to any of them. No modification shall be made to any of the Purchaser Notes or any of the terms thereof without the prior written consent of the Lender.

ARTICLE II
REPRESENTATIONS

SECTION 2.1 Representations of Borrower. In order to induce Lender to make the Loan, Borrower hereby represents and warrants to Lender as follows:

(a) Borrower is a corporation duly incorporated, organized, validly existing and in good standing under the laws of the state of its incorporation and has all requisite power to own its properties and to carry on its business as now conducted and as proposed to be conducted.

(b) Borrower has full power and authority to enter into this Agreement, to make the borrowing hereunder, to execute and deliver the Lender Note and the Pledge Agreement (collectively with this Agreement, the "Loan Documents"), and to incur and perform all the obligations provided for herein and therein but subject to the receipt of the Stockholder Approval (as defined in the Stock Purchase Agreement). The execution and delivery by Borrower of, and the performance by Borrower of its obligations under, this Agreement and the other Loan Documents have been duly authorized by all necessary corporate action other than the Stockholder Approval.

(c) This Agreement constitutes, and the other Loan Documents when executed and delivered pursuant hereto will constitute, the valid and legally binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, liquidation, readjustment of debt or other law of general application relating to or affecting the enforcement of creditors' rights and to the discretion of the courts with respect to the enforceability of equitable remedies.

(d) At the Closing there will exist no material security interests, liens, mortgages, encumbrances or other restrictions upon the Collateral (as defined in the Pledge Agreement) other than the security interest granted pursuant to the Pledge Agreement.

(e) The execution, delivery and performance by Borrower of this Agreement and the other Loan Documents does not contravene any law, regulation, order or contractual restriction binding on or affecting Borrower

and material to Borrower, its business, operations and properties.

(f) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Borrower of this Agreement or the matters contemplated herein and for Lender to enjoy the benefits conferred hereby except such filings as may be necessary to perfect the security interest granted under the Pledge Agreement.

(g) Borrower is not in breach of or in default under any material judgment, decree or order applicable to Borrower or any of Borrower's properties.

(h) There is no pending or threatened action or proceeding affecting Borrower before any court, governmental agency or arbitrator which may materially adversely affect the financial condition of Borrower or Borrower's ability to perform its obligations hereunder or under the other Loan Documents.

SECTION 2.2 Representations of Lender. The Lender Note and all shares of Purchaser Common Stock (as defined in the Stock Purchase Agreement) issuable upon conversion of the Lender Note are being acquired by Lender for its own account and not with a view towards distribution thereof. Lender understands that it must bear the economic risk of its investment in the Lender Note and such Purchaser Common Stock, which cannot be sold by it unless registered under the 1933 Act (as defined in the Stock Purchase Agreement) or an exemption therefrom is available thereunder. Lender has had both the opportunity to ask questions and receive answers from the officers and directors of Borrower and all persons acting on its behalf concerning the business and operations of Borrower and to obtain any additional information to the extent Borrower possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of such information. Lender acknowledges receiving and reviewing copies of the Purchaser SEC Filings referred to in Section 4.4 of the Stock Purchase Agreement. The

certificates representing the Purchaser Common Stock issuable upon conversion of the Lender Note shall bear a legend (which shall be removed on furnishing to Borrower an opinion of counsel to Lender reasonably satisfactory to Borrower that such legend is no longer required) to the effect that the shares represented thereby may not be transferred except upon compliance with the registration requirements of the 1933 Act (or an exemption therefrom) and the provisions of the Investor Rights Agreement referred to in the Stock Purchase Agreement.

ARTICLE III

MISCELLANEOUS

SECTION 3.1 Notices. Any and all notices, requests, demands, consents, approvals or other communications required or permitted to be given under any provision of this Agreement shall be in writing and shall be deemed given upon personal delivery or the mailing thereof by first class, registered or certified mail, return receipt requested, postage prepaid, by telecopier or facsimile, or by overnight delivery service or by courier service to the addresses listed at the head of this Agreement or the telecopier/facsimile number listed beneath the respective signatures hereto. Any party may change its address for the purposes of this Agreement by notice to the other party given as aforesaid. Copies of all notices given to Borrower shall be sent to Graubard Mollen & Miller, 600 Third Avenue, New York, New York 10016, Attention: David Alan Miller, Esq.,

Telecopier: 212- 818-8881 and copies of all notices given to Lender shall be sent to Akerman, Senterfitt & Eidson, P.A., SunTrust International Center, One Southeast Third Avenue, 28th Floor, Miami, Florida 33131- 1714, Attention: Teddy D. Klinghoffer, Esq., Telecopier: 305-374-5095.

SECTION 3.2 No Waiver; Cumulative Remedies; Amendments. No failure to exercise and no delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law. No modification, or waiver of any provision of this Agreement or the other Loan Documents, no consent to any departure by Borrower from the provisions hereof or thereof shall be effective unless the same shall be effective only in

the specific instance and for the purpose for which it is given. No notice to Borrower shall entitle Borrower to any other or further notice in other or similar circumstances unless expressly provided for herein. No course of dealing between Borrower and Lender shall operate as a waiver of any of the rights of Lenders under this Agreement. Lender acknowledges that the obligations of Borrower under the Stock Purchase Agreement are not conditioned upon the extending of the Loan by Lender and that the breach by Lender of its obligation to extend the Loan if requested by Borrower will cause irreparable harm to Borrower for which any remedy at law will be inadequate and agrees not to oppose any demand for specific performance and injunctive and other equitable relief in case of any such breach or attempted breach.

SECTION 3.3 Captions. The captions of the various sections and subsections of this Agreement have been inserted only for the purposes of convenience, and shall not be deemed in any manner to modify, explain, enlarge or restrict any of the provisions of this Agreement.

SECTION 3.4 Survival of Agreements. All agreements, representations and warranties made herein and in any certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and the making of the Loan hereunder, and shall continue in full force and effect until the indebtedness of Borrower under the Lender Note and all other obligations hereunder and thereunder have been paid in full.

SECTION 3.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns, except that Borrower may not transfer or assign any of its rights or interests hereunder without the prior written consent of Lender.

SECTION 3.6 Construction. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and interpreted in accordance with, the law of the State of New York. BORROWER, IN ANY LITIGATION IN WHICH LENDER SHALL BE AN ADVERSE PARTY, WAIVES TRIAL BY JURY, WAIVES THE RIGHT TO CLAIM THAT A FORUM SPECIFIED HEREIN IS AN INCONVENIENT FORUM AND WAIVES THE RIGHT TO INTERPOSE ANY SETOFF, DEDUCTION OR COUNTERCLAIM OF

ANY NATURE OR DESCRIPTION AND CONSENTS TO THE JURISDICTION OF THE COURTS (CITY,

STATE AND FEDERAL) LOCATED IN THE CITY, COUNTY AND STATE OF NEW YORK AND TO SERVICE OF PROCESS BY REGISTERED MAIL ADDRESSED TO BORROWER AT THE ADDRESS SET FORTH ABOVE OR SUCH OTHER ADDRESS AS BORROWER SHALL NOTIFY LENDER IN WRITING IS TO BE
USED FOR SUCH PURPOSE. If any of the provisions of this Agreement shall be or become illegal or unenforceable under any law, the other provisions shall remain in full force and effect.

SECTION 3.7 Interest. Anything in the Agreement or the other Loan Documents to the contrary notwithstanding, Lender shall not charge, take or receive, and Borrower shall not be obligated to pay, interest in excess of the maximum rate from time to time permitted by applicable law.

SECTION 3.8 Currency. All amounts of currency expressed hereunder or under the other Loan Documents shall refer to United States dollars.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

GBI CAPITAL MANAGEMENT CORP.

/s/ Richard Rosenstock
By:_____
Name: Richard Rosenstock
Title: President
Telecopier No.: 516-470-1050

FROST-NEVADA, LIMITED PARTNERSHIP
By: Frost-Nevada Corporation, General Partner

/s/ David Moskowitz
By:_____
Name: David Moskowitz
Title: President
Telecopier No.: 775-827-2185

PLEDGE AND SECURITY AGREEMENT

PLEDGE AND SECURITY AGREEMENT dated as of _____ _, 2001 between:

(1) GBI Capital Management Corp., a corporation duly organized and validly existing under the laws of the State of Florida (the "Securing Party");

(2) Ladenburg, Thalmann Group Inc. ("LTGI"), a corporation duly organized and validly existing under the laws of the State of Delaware;

(3) Berliner Effektengesellschaft AG ("Berliner"), a corporation duly organized and validly existing under the laws of Germany;

(4) Frost-Nevada, Limited Partnership, a Nevada limited partnership (the "Lender"); and

(5) U.S. Bank Trust National Association, as collateral agent for the Secured Parties (as defined below) (in such capacity, together with its successors in such capacity, the "Collateral Agent").

A. The Securing Party, New Valley Corporation, LTGI and Berliner are parties to a Stock Purchase Agreement dated February 8, 2001 (the "Stock Purchase Agreement") pursuant to which the Securing Party has agreed to purchase from LTGI and Berliner all of the outstanding capital stock of Ladenburg, Thalmann & Co. Inc. ("Ladenburg") and, in partial payment of the Purchase Price, will issue to LTGI and Berliner convertible promissory notes in an aggregate principal amount of $10,000,000 (the "Purchase Notes").

B. The Securing Party and the Lender are parties to a Loan Agreement dated as of February 8, 2001 (the "Loan Agreement") pursuant to which the Lender has agreed to lend to the Securing Party the sum of $10,000,000 that will be evidenced by a convertible promissory note in that principal amount (the "Lender Note" and, together with the Purchase Notes, the "Notes").

To induce LTGI, Berliner and the Lender (collectively, with all permitted assigns of any of the Notes, the "Secured Parties") to enter into the Stock Purchase Agreement and the Loan Agreement, as the case may be, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Securing Party, the Secured Parties and the Collateral Agent have agreed as follows:

Section 1. Definitions. Terms used herein and not otherwise defined herein shall have the meanings set forth in the Stock Purchase Agreement. The following terms have the meanings ascribed to them below or in the Sections of this Agreement indicated below:

"Collateral" shall have the meaning ascribed thereto in Section 3 hereof.

"Default" shall mean any event or condition that constitutes an Event of Default or will on notice, lapse of time or both become an Event of Default.

"Event of Default" shall have the meaning ascribed thereto

in the Notes.

"Issuer" shall mean Ladenburg.

"Pledged Stock" shall have the meaning ascribed thereto in Section 3(a) hereof.

"Required Secured Parties" shall mean Secured Parties holding a majority in principal amount of the Notes.

"Secured Obligations" shall mean the due and punctual payment by the Securing Party of the principal of and interest on the Notes, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and all other amounts from time to time owing by the Securing Party to the Secured Parties thereunder and hereunder.

"Stock Collateral" shall mean, collectively, the Pledged Stock, together with all other certificates, shares, securities, instruments, moneys, or other property as may from time to time be pledged hereunder pursuant to Section 3(b) hereof and the proceeds of and to any such property and, to the extent related to any such property or such proceeds, all books, correspondence, credit files, records, invoices and other papers.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York.

Section 2. Representations and Warranties. The Securing Party represents and warrants to the Secured Parties and the Collateral Agent that:

(a) It is the sole beneficial owner of the Collateral in which it purports to grant a security interest pursuant to Section 3 hereof, no lien exists or will exist upon such Collateral at any time (and no right or option to acquire the same exists in favor of any other person or entity) and such pledge and security interest in favor of the Collateral Agent for the benefit of the Secured Parties created or provided for herein constitutes a first priority perfected pledge and security interest in and to all of such Collateral.

(b) The Pledged Stock represented by the certificates identified in Annex 1 hereto is, and all other Pledged Stock in which the Securing Party shall hereafter grant a security interest pursuant to Section 3 hereof will be, duly authorized, validly existing, fully paid and non-assessable and none of such Pledged Stock is or will be subject to any contractual restriction, or any restriction under the charter or by-laws of the Issuer upon the transfer of such Pledged Stock.

(c) The Pledged Stock identified in Annex 1 hereto, and the certificates, if any, representing such capital stock, constitute and will continue to constitute all of the issued and outstanding shares of capital stock of any class of the Issuer (all of which are registered in the name of the Securing Party) and Annex 1 correctly identifies, as at the date hereof, the class and par value of the shares comprising such Pledged Stock and the number of shares represented by each such certificate.

Section 3. Collateral. The Securing Party hereby assigns, pledges, grants, transfers, and conveys to the Collateral Agent (for the benefit of each

of the Secured Parties as set forth herein) as collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations, a security interest in all of the Securing Party's right, title and interest in the following property, whether now owned by the Securing Party or hereafter acquired and whether now existing or hereafter coming into existence (collectively, the "Collateral"):

(a) the shares of capital stock of the Issuer identified in Annex 1 hereto and the certificates, if any, representing such capital stock and all additional shares of capital stock of whatever class of the Issuer, now or hereafter owned by the Securing Party, in each case together with the certificates, if any, evidencing the same (collectively, the "Pledged Stock");

(b) all certificates, shares, securities, instruments, moneys or other property representing a dividend on any of the Pledged Stock, or representing a distribution or return of capital upon or in respect of the Pledged Stock, or resulting from a split-up, revision, reclassification or other like change of the Pledged Stock or otherwise received in exchange therefor or on redemption or conversion hereof, and any subscription warrants, rights or options issued to the holders of, or otherwise in respect of, the Pledged Stock other than any of the foregoing the Securing Party is entitled to retain pursuant to Section 4.03(b) and the other provisions of this Agreement;

(c) in the event of any consolidation or merger in which the Issuer is not the surviving entity, all ownership interests of any class or character of the successor entity formed by or resulting from such consolidation or merger; and

(d) all proceeds, products, offspring, accessions, rents, profits, income, benefits, substitutions and replacements of and to any of the property described in the preceding clauses of this Section 3 (including, without limitation, all causes of action, claims and warranties now or hereafter held by the Securing Party in respect of any of the items listed above).

Section 4. Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Section 3 hereof, the Securing Party hereby agrees with each Secured Party and the Collateral Agent as follows:

4.01 Delivery and Other Perfection. The Securing Party shall:

(a) if any of the shares, securities, moneys or properties required to be pledged by the Securing Party under Section 3 hereof are received by the Securing Party (other than any of such items the Securing Party is entitled to retain pursuant to Section 4.03(b) hereof), forthwith as the Collateral Agent may request either (i) transfer and deliver to the Collateral Agent such shares, securities, moneys and properties so received by the Securing Party (together with the certificates for any such shares and securities duly endorsed in blank or accompanied by undated stock powers duly executed in blank), all of which thereafter shall be held by the Collateral Agent, pursuant to the terms of this Agreement, as part of the Collateral or (ii) take such other action as the Collateral Agent shall deem necessary or appropriate to duly record the lien created hereunder in such shares, securities, moneys or property in Section 3;

(b) give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that may be necessary or desirable (in the judgment of the Collateral Agent) to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to such pledge and security interest including without limitation registering the Pledged Stock in the name of the Collateral Agent;

(c) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as the Collateral Agent may reasonably require in order to reflect the security interests granted by this Agreement; and

(d) permit representatives of the Collateral Agent, upon reasonable notice, at any time during normal business hours to inspect and make abstracts from its books and records pertaining to the Collateral and forward copies of any notices or communications received by the Securing Party with respect to the Collateral, all in such manner as the Collateral Agent may reasonably require.

4.02 Preservation of Rights. The Collateral Agent shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

4.03 Special Provisions Relating to the Collateral.

(a) So long as no Event of Default shall have occurred and be continuing, the Securing Party shall have the right to exercise all voting, consensual and other powers of ownership pertaining to the Stock Collateral for all purposes not inconsistent with the terms of this Agreement, the Stock Purchase Agreement, the Notes or any other instrument or agreement referred to herein or therein; and the Collateral Agent shall execute and deliver to the Securing Party or cause to be executed and delivered to the Securing Party all such proxies, powers of attorney, dividend and other orders, and all such instruments, without recourse, as the Securing Party may reasonably request for the purpose of enabling the Securing Party to exercise the rights and powers that it is entitled to exercise pursuant to this Section 4.03(a).

(b) Unless and until a Default has occurred and is continuing, the Securing Party shall be entitled to receive and retain all cash dividends on the Stock Collateral.

(c) If any Event of Default shall have occurred, then so long as such Event of Default shall continue, and whether or not the Collateral Agent or any Secured Party exercises any available right to declare any Secured Obligation due and payable or seeks or pursues any other relief or remedy available to it under applicable law or under this Agreement, the Notes or any other agreement relating to such Secured Obligation, and all dividends and other distributions on the Stock Collateral shall be paid directly to the Collateral Agent as part of the Stock Collateral, subject to the terms of this Agreement, and, if the Collateral Agent shall so request in writing, the Securing Party agrees to execute and deliver to the Collateral Agent appropriate additional dividend, distribution and other orders and documents to that end, provided that if such Event of Default is cured, any such dividend or distribution theretofore paid to the Collateral Agent shall, upon request of the Securing Party (except to the extent theretofore applied to the Secured Obligations), be returned by the Collateral Agent to the Securing Party.

4.04 Notice of Event of Default; Remedies. Upon the occurrence of an Event of Default becoming known to it, the Securing Party or a Secured Party shall give notice thereof to the Collateral Agent (with copies to each of the other parties hereto). During the period during which an Event of Default shall have occurred and be continuing, the Collateral Agent, as directed by Secured Parties holding a majority of the outstanding principal amount of the Notes:

(a) may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, any of the Collateral;

(b) shall have all of the rights and remedies with respect to the Collateral of a secured party under the Uniform Commercial Code (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Securing Party agrees to take all such action as may be appropriate to give effect to such right);

(c) may, in its name or in the name of the Securing Party or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;

(d) may, upon ten (10) Business Days' prior written notice to the Securing Party of the time and place, with respect to the Collateral or any part thereof that shall then be or shall thereafter come into the possession, custody or control of the Collateral Agent, the Secured Parties or any of their respective agents, sell, lease, assign or otherwise dispose of all or any part of such Collateral, at such place or places as the Collateral Agent deems best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required above or by applicable statute and cannot be waived), and the Collateral Agent or any Secured Party or any other person or entity may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise) of the Securing Party, any such demand, notice and right or equity being hereby expressly waived and released. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned.

The proceeds of each collection, sale or other disposition under this Section 4.04 shall be applied in accordance with Section 4.07 hereof.

The Securing Party recognizes that, by reason of certain prohibitions

contained in the Securities Act of 1933, as amended, and applicable state securities laws and regulatory requirements, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of the NYSE and other regulatory agencies for the ownership of a broker-dealer and member of the NYSE and who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Securing Party acknowledges that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the Issuer to register it for public sale.

4.05 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral pursuant to Section 4.04 hereof are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Securing Party shall remain liable for any deficiency.

4.06 Private Sale. The Collateral Agent and the Secured Parties shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 4.04 hereof conducted in a commercially reasonable manner. The Securing Party hereby waives any claims against the Collateral Agent or any Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations.

4.07 Application of Proceeds. Except as otherwise expressly provided herein and except as provided below in this Section 4.07, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Collateral Agent under this Section 4, shall be applied by the Collateral Agent:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of the Collateral Agent and the fees and expenses of its agents and counsel, and all expenses incurred and advances made by the Collateral Agent in connection therewith;

Next, to the payment in full of the Secured Obligations, in each case ratably in accordance with the respective amounts thereof then due and owing to each of the Secured Parties or as the Secured Parties holding the same may otherwise agree; and

Finally, to the payment to the Securing Party, or its successors or assigns, or as a court of competent jurisdiction may direct, of any surplus then remaining.

As used in this Section 4, "proceeds" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of the Securing Party or the Issuer.

4.08 Attorney-in-Fact. Upon the occurrence and during the continuance of any Event of Default the Collateral Agent is hereby appointed the attorney-in-fact of the Securing Party for the purpose of carrying out the

provisions of this Agreement and taking any action and executing any instruments that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof, which appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, so long as the Collateral Agent shall be entitled under this Section 4 to make collections in respect of the Collateral, the Collateral Agent shall have the right and power to receive, endorse and collect all checks made payable to the order of the Securing Party representing any dividend, payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same. The Collateral Agent is hereby authorized to prepare and file in the name of the Securing Party any financing statements describing the Collateral and the security interests created hereby without the signature of the Securing Party (to the extent permitted by applicable law).

4.09 Perfection. The Securing Party shall (a) at the Closing, deliver to the Collateral Agent all certificates identified in Annex 1 hereto, accompanied by undated stock powers duly executed in blank, and (b) in the event of a substitution of Collateral pursuant to Section 4.12, execute and deliver to the Collateral Agent for filing such financing statements and other documents in such offices as the Collateral Agent may request to perfect the security interests granted by Section 3 hereof.

4.10 Termination. When all Secured Obligations shall have been paid in full, the Securing Party shall give notice thereof to the Collateral Agent, with copies to each Secured Party. This Agreement shall terminate, and the Collateral Agent shall forthwith cause to be transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the Securing Party, five business days after such notice has been given; provided, however, that if a Secured Party, within such five-day period, gives notice to the Collateral Agent (with copies to the Securing Party and the other Secured Parties) that it disputes that the Secured Obligations have been paid in full, the Collateral Agent shall continue to retain the Collateral and money until it receives a notice signed by the Secured Party giving such notice and the Securing Party that such dispute has been resolved and providing for the release of the Collateral and money to the Securing Party. The Collateral Agent shall also execute and deliver to the Securing Party upon such termination such other documentation as shall be reasonably requested by the Securing Party to effect the termination and release of the liens on the Collateral.

4.11 Further Assurances. The Securing Party agrees that, from time to time upon the written request of the Collateral Agent, the Securing Party will execute and deliver such further documents and do such other acts and things as the Collateral Agent may reasonably request in order fully to effect the purposes of this Agreement.

4.12 Release and Substitution of Collateral. So long as no Event of Default shall have occurred and be continuing, upon the request of the Securing Party, at the Securing Party's expense, the Collateral Agent shall execute and deliver to the Securing Party such instruments as the Securing Party shall reasonably request to release the security interest of the Collateral Agent in any Collateral pledged by the Securing Party upon the delivery to the Collateral Agent of substitute collateral of (a) equivalent value to the unpaid amount of the Secured Obligations if in the form of a letter of credit of a bank or financial institution having a combined capital and surplus of not less than $500,000,000, direct obligations of the United States government or any agency thereof or obligations guaranteed by the United States government or an agency thereof or other readily marketable financial instrument of substantially equivalent creditworthiness or (b) 150% of the value of the unpaid amount of the Secured Obligations if in any other form, in which event such substitution may

be made only upon the consent of the Secured Parties, which consent will not unreasonably be withheld . Any substitute collateral delivered pursuant to this Section 4.12 shall be deemed to be Collateral for all purposes of this Agreement.

4.13 Affirmative Covenants. The Securing Party hereby covenants that so long any of the Secured Obligations remains outstanding and unpaid, it will cause the Issuer to, unless otherwise consented to in writing by the Secured Parties:

(a) keep all of its material property in working order and condition, ordinary wear and tear excepted; and maintain, with financially sound and reputable insurance companies, insurance on its properties in such amounts and against such risks as are mandated by sound business practice;

(b) continue to engage in business of the same general type as now conducted and contemplated to be conducted by it and preserve, renew and keep in full force and effect its existence and take all reasonable action to maintain its rights, privileges, licenses and franchises necessary or desirable in the normal conduct of the Issuer's business; and

(c) keep proper and accurate books and records of its accounts and properties in which full, true and correct entries in conformity with appropriate accounting principles and all requirements of law shall be made of all dealings and transactions in relation to its business and activities and, subject to appropriate agreements respecting confidentiality, permit any Representatives of the Secured Parties to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired.

4.14 Negative Covenants. The Securing Party hereby covenants that so long as any of the Secured Obligations remains outstanding and unpaid, it will not grant any security interest in or lien on the Collateral to any person or entity other than the lien granted hereby and will cause the Issuer not to liquidate or dissolve itself (or suffer any liquidation or dissolution) or convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of related transactions, all or a substantial part of its property (real or personal), business, or assets, or make any material change in the method of conducting business presently contemplated unless, in either instance, otherwise consented to in writing by the Secured Parties in advance.

4.15 Acknowledgment. The Issuer hereby acknowledges and consents to the pledge of the Pledged Stock made by the Securing Party hereby, including without limitation the rights and obligations of the Secured Parties, the Securing Parties and the Collateral Agent with respect to developments and distributions on the Pledge Stock.

Section 5. The Collateral Agent.

(a) Each of the Secured Parties hereby irrevocably appoints the Collateral Agent as its agent hereunder and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof together with such actions and powers as are reasonably incidental thereto.

(b) The person serving as the Collateral Agent hereunder shall have the same rights and powers in its capacity as a Secured

Party as any other Secured Party and may exercise the same as though it were not the Collateral Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Securing Party or any Subsidiary or other Affiliate thereof as if it were not the Collateral Agent hereunder.

(c) The Collateral Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (i) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (ii) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Collateral Agent is

required to exercise in writing by the Required Secured Parties, and (iii) except as expressly set forth herein, the Collateral Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Securing Party or any of its Subsidiaries that is communicated to or obtained by the bank serving as Collateral Agent or any of its affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Secured Parties or in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Collateral Agent by the Borrower or a Secured Party, and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, or (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement instrument or document, or (v) the satisfaction of any condition set forth herein other than to confirm receipt of items expressly required to be delivered to the Collateral Agent.

(d) The Collateral Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper person. The Collateral Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel, independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(e) The Collateral Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Collateral Agent. The Collateral Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective related parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the related parties of the Collateral Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for

herein as well as activities as Collateral Agent.

(f) The Collateral Agent may resign at any time by notifying the Secured Parties and the Securing Party. Upon any such resignation, the Required Secured Parties shall have the right, in consultation with the Securing party, to appoint a successor. If no successor shall have been so appointed by the Required Secured Parties and shall have accepted such appointment Within 30 days after the retiring Collateral Agent gives notice of its resignation, then the retiring Collateral Agent's resignation shall nonetheless become effective and (i) the retiring Collateral Agent shall be discharged from its duties and

obligations hereunder and (ii) the Required Secured Parties shall perform the duties of the Collateral Agent (and all payments and communications provided to be made by, to or through the Collateral Agent shall instead be made by or to each Secured Party directly) until such time as the Required Secured Parties appoint a successor agent as provided for above in this paragraph. Upon the acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring (or retired) Collateral Agent and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder (if not already discharged therefrom as provided above in this paragraph). After the Collateral Agent's resignation hereunder, the provisions of this Section 5 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Collateral Agent.

(g) Each Secured Party acknowledges that it has, independently and without reliance upon the Collateral Agent or any other Secured Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Secured Party also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Secured Party and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any related agreement or any document furnished hereunder or thereunder.

(h) The Collateral Agent may, with the prior consent of the Required Secured Parties (but not otherwise), consent to any modification, supplement or waiver under this Agreement, provided that, without the prior consent of each Secured Party, the Collateral Agent shall not release all or substantially all of the collateral or otherwise terminate all or substantially all of the liens under this Agreement, agree to additional obligations being secured by all or substantially all of such collateral security (unless the lien for such additional obligations shall be junior to the lien in favor of the other obligations secured hereby, in which event the Collateral Agent may consent to such junior lien provided that It obtains the consent of the Required Secured Parties thereto), alter the relative priorities of the obligations entitled to the benefits of the liens created hereunder with respect to all or substantially all of such collateral, except that no such consent shall be required, and the Collateral Agent is hereby authorized, to release any lien covering property that is the subject of either a disposition of property permitted hereunder or a disposition to which the Required Secured Parties have consented.

(i) The Collateral Agent shall be entitled to receive the

fees set forth in Annex 2 hereto, which shall be paid by the Securing Party.

Section 6. Miscellaneous.

6.01 No Waiver. No failure on the part of the Collateral Agent or any Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Secured Party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

6.02 Notices. All notices, requests, consents and demands hereunder shall be in writing and telecopied or delivered by overnight delivery by a nationally recognized express carrier to the intended recipient at its address specified in Annex 3 and shall be deemed to be delivered on the date telecopied or on the first business day following delivery to such express carrier.

6.03 Expenses. The Securing Party agrees to reimburse each of the Secured Parties and the Collateral Agent for all reasonable costs and expenses incurred by them in enforcing the rights granted to them hereunder (including, without limitation, the reasonable fees and expenses of legal counsel) in connection with (i) any Default and any enforcement or collection proceeding resulting therefrom, including, without limitation, all manner of participation in or other involvement with (w) performance by the Collateral Agent or a Secured Party of any obligations of the Securing Party in respect of the Collateral that the Securing Party has failed or refused to perform, (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of the Collateral Agent in respect thereof, by litigation or otherwise, including expenses of insurance, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (ii) the enforcement of this Section 6.03, and all such costs and expenses shall be Secured Obligations entitled to the benefits of the collateral security provided pursuant to Section 3.

6.04 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the Securing Party, the Collateral Agent, the Secured Parties and each holder of any of the Secured Obligations.

6.05 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

6.06 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Delivery by telecopier of an executed counterpart of this Agreement shall be effective as delivery of an original executed counterpart thereof.

6.07 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York, without giving effect to principles of conflicts of law.

6.08 Agents and Attorneys-in-Fact. The Collateral Agent may employ agents and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

6.09 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent and the Secured Parties in order to carry out the intentions of the parties hereto as nearly as may be possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

6.10 Consent to Jurisdiction and Service of Process. LTGI and Berliner each hereby irrevocably appoints the President of New Valley Corporation, at its office at 590 Madison Avenue, 35th Floor, New York, New York 10022, and the Securing Party hereby irrevocably appoints the President of GBI Capital Management Corp., at its offices at 1055 Stewart Avenue, Bethpage, New York 11714, its lawful agent and attorney to accept and acknowledge service of any and all process against it in any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby and upon whom such process may be served, with the same effect as if such Party were a resident of the State of New York and had been lawfully served with such process in such jurisdiction, and waives all claims of error by reason of such service, provided that in the case of any service upon such agent and attorney, the Party effecting such service shall also deliver a copy thereof to the other Parties at the address and in the manner specified in Section 6.02. LTGI, Berliner and the Securing Party will enter into such agreements with such agents as may be necessary to constitute and continue the appointment of such agents hereunder. In the event that such agent and attorney resigns or otherwise becomes incapable of acting as such, such Party will appoint a successor agent and attorney in the City of New York, reasonably satisfactory to the other Parties, with like powers. The Lender hereby agrees that service of process in any action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby may be made upon it by registered mail, return receipt requested, at the address specified in Section 3.1 of the Loan Agreement. Each Party hereby irrevocably submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York or any court of the State of New York located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Agreement or any of the transactions contemplated hereby, and agrees that any such action, suit or proceeding shall be brought only in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 6.10 and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. Each Party hereby irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum. EACH PARTY HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF THIS AGREEMENT. As used in this Section 6.10, the term "Party" includes the Collateral Agent, upon whom service of process may be made by registered mail addressed to it at the address specified in Section 6.02.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Pledge and Security Agreement to be duly executed and delivered as of the day and year first above written.

GBI CAPITAL MANAGEMENT CORP.

By:_____
Name: Richard Rosenstock
Title: President

LADENBURG, THALMANN GROUP INC.

By:_____
Name: Victor Rivas
Title:

BERLINER EFFEKTENGESELLSCHAFT AG

By:_____
Name: Holger Timm
Title: Chief Executive Officer

FROST-NEVADA, LIMITED PARTNERSHIP
By: Frost-Nevada Corporation, General Partner

By:_____
Name: David Moskowitz
Title: President

US BANK TRUST NATIONAL ASSOCIATION

By:_____
Name:
Title:

LADENBURG, THALMANN & CO. INC.
(with respect to Section 4.15 only)

By:_____
Name: Victor Rivas
Title:

ANNEX 1

PLEDGED STOCK

Class of Stock	Certificate Nos.	Number of Shares

ANNEX 2

FEES OF COLLATERAL AGENT

Initial Fee – $1,000 payable on execution of Agreement

Annual Fee – $1,500 payable annually on each anniversary of execution of Agreement

ANNEX 3

NOTICE ADDRESSES

Securing Party

GBI Capital Management Corp.
1055 Stewart Avenue
Bethpage, New York 11741
Attention: Richard Rosenstock
Telecopier: 01149-30-8902-196

with a copy to:

Graubard Mollen & Miller
600 Third Avenue
New York, New York 10016
Attention: David Alan Miller, Esq.
Telecopier: 212-818-8881

LTGI

Ladenburg, Thalmann Group Inc.
C/o New Valley Corporaiton
100 S.E. Second Street, 32nd Floor
Miami, Florida 33131
Attention: Richard Lampen
Telecopier: 305-579-8009

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005-1413
Attention: Mark Weissler, Esq.
Telecopier: 212-530-5219

Berliner

Berliner Effektengesellschaft AG
Kurfurstendamm 119
10711 Berlin, German
Attention: Dr. Wolfgang Janka
Telecopier: 01149-30-8902-196

Lender

Frost-Nevada, Limited Partnership
3500 Lakeside Court
Suite 200
Reno, Nevada 89509
Telecopier:775-827-2185

with a copy to:

Akerman, Senterfitt & Eidson, P.A.
SunTrust International Center
One Southeast Third Avenue, 28th Floor
Miami, Florida 33131-1714
Attention: Teddy D. Klinghoffer, Esq.
Telecopier: 305-374-5095

Collateral Agent

180 East Fifth Street
St. Paul, Minnesota 55101
Attention: Thomas M. Gronlund, Vice President
Telecopier: 775-827-2185

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT ("Agreement"), dated as of the 8th day of February, 2001, by and between LADENBURG THALMANN & CO. INC. (the "Company"), a Delaware corporation, and VICTOR RIVAS ("Executive").

WHEREAS, Executive is currently employed as the Chairman and Chief Executive Officer of the Company pursuant to an employment agreement dated January 1, 1999;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, has entered into a stock purchase agreement (the "Stock Purchase Agreement") with GBI CAPITAL MANAGEMENT CORP. (the "Parent") dated as of February 8, 2001, by which it will transfer ownership of the Company to the Parent and acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company desires to continue Executive's employment as Chairman and Chief Executive Officer pursuant to a new employment agreement;

WHEREAS, Executive is willing to continue his employment with the Company, all in accordance with the terms, conditions, and provisions hereinafter set forth.

NOW, THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree effective upon the consummation of the Acquisition as follows:

1. Term: The term of the Agreement shall be from the date of the consummation of the Acquisition (the "Effective Date") until August 24, 2004, subject to earlier termination as provided herein. This Agreement shall become null and void in the event of the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

2. Employment:

(A) Subject to the terms and conditions and for the compensation hereinafter set forth, the Company hereby agrees to employ Executive for and during the term of this Agreement. Executive is hereby employed by the Company as its Chairman and Chief Executive Officer. The Executive's powers and duties shall be those of an executive nature which are appropriate for a Chairman and Chief Executive Officer in accordance with the Company's By-Laws; and Executive does hereby accept such employment and agrees to devote his full business time to the performance of his duties upon the conditions hereinafter set forth. Executive shall report to the Board of Directors of the Company. The Company shall not require Executive to be employed in any location other than the metropolitan New York area unless he consents in writing to such location. The Executive also shall serve as the President and Chief Executive Officer of Parent.

(B) During the term of this Agreement, Executive shall be furnished with office space and facilities commensurate with his position and adequate for the performance of his duties; the Executive also shall be provided with the perquisites customarily associated with the position of Chairman and Chief Executive Officer of the Company. The Company and Parent shall use their

best efforts to cause the Executive to be nominated to serve as a director of the Parent and the Executive agrees to serve as a director of Parent if so appointed, without additional compensation.

(C) Charitable and Other Activities: The Executive shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on the New Valley board of directors, and on other corporate boards with the prior written approval of the Company's board.

3. Compensation:

(A) Salary: During the term of this Agreement, the Company agrees to pay Executive, and Executive agrees to accept, an annual salary of not less than Five Hundred Thousand Dollars ($500,000) per year, payable in accordance with the Company's policies, for services rendered by Executive hereunder. The Executive shall also be entitled to a guaranteed minimum annual bonus of Five Hundred Thousand Dollars ($500,000), payable on the same basis as Executive's salary (the "Guaranteed Bonus").

(B) Increases: The annual salary is subject to periodic increases at the discretion of the Parent's Compensation Committee (the "Committee") (or Board of Directors in lieu thereof), with such increases to take effect no later than on each anniversary date of this Agreement.

(C) Bonus: The Executive shall be entitled to participate in the Parent's Annual Incentive Bonus Plan (the "Bonus Plan"), on the terms and conditions set forth in the Bonus Plan; provided, however, that Executive's participation in the Bonus Plan may be limited by the Committee so that the Executive may not receive in excess of 32.5% of the bonus pool available thereunder.

(D) Override: Pursuant to the Parent's Special Performance Incentive Plan (the "Special Performance Plan"), the Executive shall be entitled to receive an Override (as defined in the Special Performance Plan) which shall be paid and shall be on the terms and conditions set forth in the Special Performance Plan; provided, however, that (i) Executive's participation in the Special Performance Plan may be limited by the Committee so that the Executive may not receive in excess of the percentage set forth on Exhibit A hereto of

Total Revenue (as defined below) per year under the Special Performance Plan; provided, however, that for the fiscal year ending September 30, 2001, Total Revenue shall also include the total revenue of the Parent for only the period commencing with the first day following the end of the commission month in which the closing of the Stock Purchase Agreement occurs, and (ii) the Committee may determine that Four Hundred Thousand Dollars ($400,000) of the Guaranteed Bonus shall be credited against any amounts to be paid to Executive under the Special Performance Plan, subject to proration for the period between the consummation of the Acquisition and September 30, 2001. As used herein, "Total Revenue" for any fiscal year means the Parent's total consolidated revenues, as reported in the Parent's audited consolidated financial statements for the year.

(E) Intention to Comply with Section 162(m): The Company and the Executive intend that this Agreement and all compensation payable by the Company with respect to the Executive's employment with the Company qualify for deductibility by the Company under Section 162(m) of the Internal Revenue Code

of 1986, as amended, ("Section 162(m)") and the Department of the Treasury regulations promulgated thereunder (the "Code"), as in force at all relevant times.

(F) Compensation Committee: The Compensation Committee shall be comprised solely of two or more outside directors, within the intent of the applicable Department of the Treasury regulations under Section 162(m), as in force at all relevant times.

(G) Stock Options: Upon the date of the consummation of the Acquisition, the Parent shall grant to the Executive from the Parent's 1999 Performance Equity Plan or other comparable plan (the "Stock Option Plan") stock options (the "Stock Options") to purchase one million (1,000,000) shares of common stock of the Parent at a purchase price equal to the Fair Market Value (as defined in the Stock Option Plan) on the date of the consummation of the Acquisition, with vesting of such Stock Options to occur in three annual installments commencing on the first anniversary of the date of the consummation of the Acquisition, but in any event to be 100% vested by August 24, 2004 and with vesting to accelerate upon a Change in Control (as defined herein), in each case subject to the Executive's continued employment through the applicable vesting date, and with such other terms and conditions as the Committee shall determine. The Executive also shall be entitled to such other Stock Options as the Committee shall grant to him at any future date.

4. Expenses: The Company shall reimburse Executive for all reasonable and actual business expenses incurred by him in connection with his service to the Company, the Parent and/or any direct and/or indirect subsidiaries of such entities upon submission by him of appropriate vouchers and expense account reports.

5. Benefits:

(A) Insurance: The Company shall maintain family medical insurance for the Executive. In addition, Executive and his dependents shall be entitled to participate in such other benefits as may be extended to active executive employees of the Parent and/or the Company and their dependents including but not limited to pension, retirement, profit-sharing, 401(k), stock

option, bonus and incentive plans, group insurance, hospitalization, medical or other benefits made available by the Company to its employees generally.

(B) Vacation: Executive shall be entitled to take up to five (5) weeks paid vacation annually at a time mutually convenient to the Company and Executive. Any such vacation time not used by Executive in any one year shall accumulate to his benefit in the succeeding years.

(C) Director and Officer Liability Insurance: During the term of this Agreement, the Parent shall obtain and maintain adequate officer and director liability insurance in such amounts as the Board of Directors shall so determine (which in no event shall be less than $5,000,000) and the Executive shall be covered at all times by such policy in all of his capacities with the Company and/or the Parent. In addition, for a period of six (6) years after the termination of Executive's employment with the Company and/or Parent (for cause, without cause, for reason or no reason, voluntary or involuntarily), the Parent shall cause to be maintained in effect one or more policies of directors' and officers' liability insurance with respect to any claim, action, suit, proceeding or investigation arising from facts or events which occurred during the Executive's employment with the Company and/or Parent and such policy or policies shall be with a carrier or carriers satisfactory to the parties intended to be benefited thereby, and with the limits, deductibles and other

characteristics no less favorable than those in place on the date the Executive ceased being an employee/director of the Company and/or the Parent. Any and all such policies shall be issued by leading insurance carriers, shall have no uncustomary exclusions, and shall otherwise be in form and substance satisfactory to those persons who are officers and directors of the Company as of the date hereof. The provisions of this Section 5(C) shall survive any termination of this Agreement and/or any termination of the Executive's employment with the Company.

6. Restrictive Covenants:

(A) Executive recognizes and acknowledges that the Company, through the expenditure of considerable time and money, has developed and will continue to develop in the future information concerning customers, clients, marketing, business and operational methods of the Company and its customers or clients, contracts, financial or other data, technical data or any other confidential or proprietary information possessed, owned or used by the Company, and that the same are confidential and proprietary, and are "confidential information" of the Company. In consideration of his continued employment by the Company hereunder, Executive agrees that he will not, without the consent of the Board of Directors, make any disclosure of confidential information now or hereafter possessed by the Company, the Parent, GBI Capital Partners, Inc. and/or any of their current or future, direct or indirect subsidiaries (collectively, the "Group"), to any person, partnership, corporation or entity either during or after the term hereunder, except to employees of the Group and to others within or without the Group, as the Executive may deem necessary in order to conduct the Group's business and except as may be required pursuant to any court order, judgment or decision from any court of competent jurisdiction. The foregoing shall not apply to information which is in the public domain on

the date hereof; which, after it is disclosed to Executive by the Group, is published or becomes part of the public domain through no fault of Executive; which is known to Executive prior to disclosure thereof to him by the Group as evidenced by his written records; or, after Executive is no longer employed by the Group, which is thereafter disclosed to Executive in good faith by a third party which is not under any obligation of confidence or secrecy to the Group with respect to such information at the time of disclosure to him. The provisions of this Section 6 shall continue in full force and effect notwithstanding termination of Executive's employment under this Agreement or otherwise.

(B) The Executive agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Executive's employment pursuant to this Agreement and ending on the earlier of twelve (12) months thereafter or August 24, 2004, the Executive shall neither directly and/or indirectly (a) solicit, hire and/or contact any prior (within six (6) months) or then current employee of the Company and/or the Parent and/or GBI Capital Partners, Inc. nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities. In addition, the Executive shall not attempt (directly and/or indirectly), to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6. Given that the Stock Purchase Agreement is providing significant benefits to the Executive, the Executive hereby agrees that, from the date of the consummation of the Acquisition until the earlier of twelve (12) months following the Executive's termination of employment hereunder or August 24, 2004, without the prior written consent of the Parent, he will not, directly or indirectly, either as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity,

carry on, be engaged in or have any financial interest in, any business which is in competition with any business of the Applicable Entities. For purposes of this section, a business shall be deemed to be in competition with any business of the Applicable Entities if it is materially involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by any member of the Applicable Entities within the same geographic area in which such member of the Applicable Entities effects such purchases, sales or dealings or renders such services; provided, however, that for the period commencing with the termination of Executive's employment, a business shall be deemed to be in competition with any business of the Applicable Entities only if it is materially involved in the retail brokerage business. Notwithstanding the foregoing, Executive shall be allowed to make passive investments in publicly held competitive businesses as long as his ownership is less than 5% of such business.

(C) Executive acknowledges that the restrictive covenants (the "Restrictive Covenants") contained in this Section 6 are a condition of his continued employment and are reasonable and valid in geographical and temporal scope and in all other respects. If any court determines that any of the Restrictive Covenants, or any part of any of the Restrictive Covenants, is invalid or unenforceable, the remainder of the Restrictive Covenants and parts thereof shall not thereby be affected and shall be given full effect, without regard to the invalid portion. If any court determines that any of the

Restrictive Covenants, or any part thereof, is invalid or unenforceable because of the geographic or temporal scope of such provision, such court shall have the power to reduce the geographic or temporal scope of such provision, as the case may be, and, in its reduced form, such provision shall then be enforceable.

(D) If Executive breaches, or threatens to breach, any of the Restrictive Covenants, the Company, in addition to and not in lieu of any other rights and remedies it may have at law or in equity, shall have the right to injunctive relief; it being acknowledged and agreed to by Executive that any such breach or threatened breach would cause irreparable and continuing injury to the Company and that money damages would not provide an adequate remedy to the Company.

7. Termination:

(A) Death: In the event of Executive's death ("Death") during the term of his employment, Executive's designated beneficiary, or in the absence of such beneficiary designation, his estate, shall be entitled to all salary, Override and bonus payments, if any, earned through the date of Death and to the payment of Executive's salary from date of Death to the expiration of one (1) year thereafter. In addition, Executive's beneficiary and/or dependents shall be entitled, for a two (2) year period following Executive's Death during the term of his employment, to continuation, at the Company's expense, of such benefits as are then being provided to them under any plan maintained by the Company that is not qualified under Section 401(a) of the Code.

(B) Disability:

(i) In the event Executive, by reason of physical or mental incapacity, shall be disabled ("Disability") for a period of at least six (6) consecutive months, the Company shall have the option at any time thereafter to terminate Employee's employment hereunder for disability. Such termination will be effective thirty (30) days after the Board gives written notice of such termination to Executive, unless Executive shall have returned to the performance of his duties prior to the effective date of the notice. Except as otherwise expressly provided herein, all obligations of the Company hereunder

shall cease upon the effectiveness of such termination other than payment of salary, Override and bonus payments, if any, earned through the date of disability, provided that such termination shall not affect or impair any rights Executive may have under any policy of long term disability insurance or benefits then maintained on his behalf by the Company. In addition, for a period of two (2) years following termination of Executive's employment for Disability, Executive and his dependents, as the case may be, shall continue to be eligible to participate in the group insurance, hospitalization, medical or other insurance benefits made available by the Company to its employees generally, but shall not be eligible to participate in any plans maintained by the Company that are qualified under Section 401(a) of the Code.

(ii) "Incapacity" as used herein shall mean the inability of the Executive due to physical or mental illness, injury or disease substantially to perform his normal duties as Chairman and Chief Executive Officer. Executive's salary as provided for hereunder shall continue to be paid

during any period of incapacity prior to and including the date on which Executive's employment is terminated for disability.

(C) By The Company For Cause:

(i) The Company shall have the right, before the expiration of the term of this Agreement, to terminate the Executive's employment hereunder and to discharge Executive for cause (hereinafter "Cause"), and all compensation to Executive shall cease to accrue upon discharge of Executive for Cause. For the purposes of this Agreement, the term "Cause" shall mean (i) Executive's conviction of a felony; (ii) the alcoholism or drug addiction of Executive; or (iii) the continued and willful failure by Executive to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same.

(ii) If the Company elects to terminate Executive's employment for Cause under (C)(i) above, such termination shall be effective fifteen (15) days after the Company gives written notice of such termination to Executive. In the event of a termination of Executive's employment for Cause in accordance with the provisions of 7(C)(i), the Company shall have no further obligation to the Executive, except for the payment of all compensation which has accrued through the date of such termination and not been paid and any other benefits to which he or his dependents may be entitled by law and/or except as otherwise provided herein.

(D) By Executive for Reason: Executive shall have the right to terminate his employment at any time for "good reason" (herein designated and referred to as "Reason"). The term Reason shall mean (i) the Company's failure or refusal to perform any obligations required to be performed in accordance with this Agreement after a reasonable notice and an opportunity to cure same, (ii) a Change in Control of the Company and/or the Parent, as defined herein, occurs, and (iii) the failure to elect Executive, within a reasonable period of time following the consummation of the Acquisition, to the Parent's board of directors.

(E) Severance: In the event Executive's employment hereunder shall be terminated by the Executive for Reason or by the Company for other than Cause, Death or Disability: (1) the Executive shall receive as severance pay in a lump sum no later than sixty (60) days following such termination, an amount equal to the sum of (i) the salary the Executive would have received for the remaining term of this Agreement had there been no termination; (ii) all accrued Override payments earned as of the date of such termination; and (iii) the Termination Bonus Amount times the remaining number of years (or portion thereof) of the Agreement had there been no termination of the Executive, and

(2) the Executive's (and his dependents') participation in any and all life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, for a period of two (2) years from the termination. The Termination Bonus Amount shall equal the greater of (i) the Guaranteed Bonus, (ii) the bonus paid or payable to the Executive under the Bonus Plan for the year immediately preceding the year in which such termination of the Executive occurs and (iii) the bonus

paid or payable to the Executive under the Bonus Plan for the year in which such termination of the Executive occurs calculated using financial information through the date of such termination annualized for the full year.

(F) Resignation Without Reason: The Executive may voluntarily resign his employment with the Company upon thirty (30) days' written notice to the Company without any liability to the Executive. In the event Executive resigns without reason prior to the expiration of this Agreement, he shall receive only any unpaid fixed salary through such resignation date and such benefits to which he and his dependents are entitled by law.

(G) Extension of Benefits: Any extension of benefits following the termination of employment provided for herein shall be deemed to be in addition to, and not in lieu of, any period for the continuation of benefits provided for by law, either at the Company's, Executive's or his dependents' expense.

(H) Change in Control: For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock Purchase Agreement has occurred." The Executive hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

(I) Accrued Compensation: In the event the Executive's employment is terminated due to Disability, by the Executive without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Executive shall be entitled to all salary, Override and bonus payments, if any, earned through the date of termination of his employment.

8. Indemnification: The Company and the Parent hereby jointly and severally indemnify and hold Executive harmless to the extent of any and all claims, suits, proceedings, damages, losses or liabilities incurred by Executive and arising out of any acts or decisions done or made in the authorized scope of his employment hereunder. Parent and the Company hereby jointly and severely agree to pay all expenses, including reasonable attorneys' fees and expenses (of the attorney or firm chosen by the Executive), actually incurred by Executive (when such expenses are incurred) in connection with the investigation of any such matter, the defense of any such action, suit or proceeding and in connection with any appeal thereon including the cost of settlements. Nothing contained herein shall entitle Executive to indemnification by Parent and the Company in excess of that permitted under applicable law. The obligations of the Company and the Parent set forth herein shall survive any termination of this Agreement and/or the Executive's employment with the Company. To the extent this Agreement is inconsistent with any separate indemnification agreement between the Executive and the Company, the separate indemnification agreement shall prevail.

9. Waiver: No delay or omission to exercise any right, power or remedy accruing to either party hereto shall impair any such right, power or remedy or shall be construed to be a waiver of or an acquiescence to any breach hereof. No

waiver of any breach hereof shall be deemed to be a waiver of any other breach

hereof theretofore or thereafter occurring. Any waiver of any provision hereof shall be effective only to the extent specifically set forth in the applicable writing. All remedies afforded to either party under this Agreement, by law or otherwise, shall be cumulative and not alternative and shall not preclude assertion by either party of any other rights or the seeking of any other rights or remedies against the other party.

10. Governing Law: The validity of this Agreement or of any of the provisions hereof shall be determined under and according to the laws of the State of New York, and this Agreement and its provisions shall be construed according to the laws of the State of New York, without regard to the principles of conflicts of law and the actual domiciles of the parties hereto.

11. Notices: All notices, demands or other communications required or permitted to be given in connection with this Agreement shall be given in writing, shall be transmitted to the appropriate party by hand delivery, by certified mail, return receipt requested, postage prepaid or by overnight carrier and shall be addressed to a party at such party's address shown on the first page hereof. A party may designate by written notice given to the other parties a new address to which any notice, demand or other communication hereunder shall thereafter be given. Each notice, demand or other communication transmitted in the manner described in this Section 11 shall be deemed to have been given and received for all purposes at the time it shall have been (i) delivered to the addressee as indicated by the return receipt (if transmitted by mail), the affidavit of the messenger (if transmitted by hand delivery or overnight carrier) or (ii) presented for delivery during normal business hours, if such delivery shall not have been accepted for any reason.

12. Assignments: This Agreement shall be binding upon and inure to the benefit of the parties hereto and each of their respective successors, assigns, heirs and legal representatives; provided, however, that Executive may not assign or delegate his obligations, responsibilities and duties hereunder except as may otherwise be expressly agreed to in writing by the parties hereto; provided, further, that notwithstanding anything to the contrary provided herein or elsewhere, and subject to compliance by the parties to all applicable laws, rules and regulations, the Executive may assign all or any portion of his compensation under this Agreement to any entity controlled by the Executive.

13. Miscellaneous: This Agreement contains the entire understanding between the parties hereto (including any of their affiliates) and supersedes all other oral and written agreements or understandings between them or their affiliates with respect to the subject matter hereof, including but not limited to the provisions of the employment agreement made as of January 1, 1999 between the Executive and the Company. No modification or addition hereto or waiver or cancellation of any provision shall be valid except by a writing signed by the party to be charged therewith.

14. Severability: The parties agree that if any of the covenants, agreements or restrictions contained herein are held to be invalid by any court of competent jurisdiction, the remainder of the other covenants, agreements, restrictions and parts thereof herein contained shall be severable so not to

invalidate any others and such other covenants, agreements, restrictions and parts thereof shall be given full effect without regard to the invalid portion.

15. Arbitration: Any and all disputes, controversies, or differences,

whether arising or commenced during or subsequent to the term hereof, which may arise between the parties directly and/or indirectly out of or in relation to or in connection with this Agreement, or for the breach of this Agreement, shall be settled by arbitration in New York City, New York before three arbitrators under the commercial arbitration rules of the American Arbitration Association then in effect. Each of the arbitrators shall be appointed by the American Arbitration Association. Such arbitration shall be final and binding and shall be limited to an interpretation and application of the provisions of this Agreement and any related agreements or documents. Any arbitral award shall be enforceable in any court, wherever located, having jurisdiction over the party against whom the award was rendered. In addition, with respect to any such arbitration or enforcement proceedings, the losing party thereto shall bear all of its and the winning parties' attorneys' fees and expenses, court costs, and all other costs and expenses reasonably associated with such arbitration or enforcement proceedings (i.e., travel, lodging, telecommunications charges).

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

LADENBURG THALMANN & CO. INC.

/s/ Jonathan Groveman

By:_____

Name: Jonathan Groveman

Title: Vice Chairman and Executive Vice President

/s/ Victor Rivas

_____

VICTOR RIVAS, EXECUTIVE

Exhibit A

Total Revenues	Incentive Award as % of Total Revenues
$0 - $150,000,000	0.6167%
$150,000,001 - $170,000,000	0.6000%
$170,000,001 - $190,000,000	0.5833%
$190,000,001 - $210,000,000	0.5667%
$210,000,001 - $230,000,000	0.5500%
$230,000,001 - $250,000,000	0.5333%
$250,000,001 - $270,000,000	0.5167%
$270,000,001 - and above	0.5000%

FIRST AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, GBI CAPITAL PARTNERS, INC. (formerly known as GAINES, BERLAND INC.) (the "Company"), a New York corporation, has entered into an employment agreement (the "Agreement") with JOSEPH BERLAND (the "Executive"), dated August 24, 1999;

WHEREAS, the Company is a wholly-owned subsidiary of GBI Capital Management Corp. (the "Parent"), a Florida corporation;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, and Parent have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of February 8, 2001 by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company and the Executive desire to amend the Agreement in order to facilitate the Acquisition;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The term of the Agreement, as set forth in Section 1 of the Agreement, is hereby amended to terminate on the second anniversary of the closing of the Stock Purchase Agreement, subject to earlier termination as provided in the Agreement.

2. The Executive's title, as set forth in Section 2 of the Agreement, is hereby amended to be Executive Vice President. The Executive will serve as Executive Vice President of the Parent, but will not serve as a director of the Parent nor as an officer or director of any affiliate thereof without the Executive's prior written consent. The Executive agrees to devote substantially his full business time to the performance of his duties hereunder. The Executive shall report to Victor Rivas and Richard Rosenstock.

3. The Executive's annual salary, as set forth in Section 3(A) of the Agreement, is hereby amended to One Hundred and Eighty Thousand Dollars ($180,000).

4. The Executive shall not participate in the Annual Incentive Bonus Plan and the Special Performance Incentive Plan effective with the end of the commission month in which the closing of the Stock Purchase Agreement occurs. The Executive hereby agrees that the termination of participation under the plans is permitted under the Agreement, and the termination of

such participation shall not provide Reason (as defined in the Agreement) under the Agreement.

5. For the period commencing October 1, 2000 through the end of the commission month in which the closing of the Stock Purchase Agreement occurs, the Executive shall participate in the Bonus Plan and the Incentive Plan on the same basis as he currently participates in such plans on the date hereof.

6. During the term of the Agreement, (i) the Executive's services shall be rendered primarily from the Company's Manhattan or Bethpage, New York locations unless he consents in writing to another location and the Company will continue to provide office space for the Executive at the Company's offices in Manhattan and Bethpage; (ii) the Company shall continue to pay the Executive's NASD and other regulatory filing fees; (iii) the Company shall continue to provide desk top order execution machinery and related phone-line services to the Executive's South Hampton and Manhattan homes and to update same, from time to time, at the Company's expense, consistent with past practices; (iv) the Executive shall be required to pay charges for trades effected for his personal benefit and those of his family only on the same basis as other senior executives of the Company are charged; (v) if the Company makes any modification (including repricing or accelerated vesting) to the options currently held by Richard Rosenstock similar modifications shall be made to the stock options currently held by the Executive; (vi) any registration or similar rights granted to Richard Rosenstock, from time to time, under the Investor Rights Agreement or otherwise shall likewise be granted to the Executive; (vii) the Executive shall be reimbursed consistent with past practices for all out-of-pocket medical expenses; and (viii) the Executive's annual vacation period, as set forth in Section 5(B) of the Agreement, is hereby amended so that the Executive shall have five weeks of paid vacation annually.

7. Nothing contained in Section 6(A) shall preclude the Executive from the use of confidential information which relates to customers or clients the Executive is permitted by Section 6(B) to transact business with following the termination of his employment.

8. Section 6(B) is hereby amended to read as follows: "The Executive agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Executive's employment pursuant to this Agreement and ending twelve (12) months thereafter, the Executive shall neither directly and/or indirectly (a) solicit or hire any prior (within six (6) months of termination) or then current employee of the Company, Ladenburg Thalmann & Co. Inc. and/or the Parent nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities other than any prior or then current customer or client of the Executive. In addition, the Executive shall not attempt (directly and/or indirectly) to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6."

9. Section 7(A) is hereby amended to add the following sentence: "In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

10. Section 7(B) is hereby amended to add the following sentence: "In addition, Executive and his dependents, as the case may be, shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

11. Clauses (iii) and (iv) of Section 7(C)(i) are hereby amended to read as follows: "or (iii) the continued and willful failure by Executive to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same."

12. Section 7(E) is hereby amended to read as follows: "In the event Executive's employment hereunder shall be terminated by the Executive for Reason or by the Company for other than Cause, Death or Disability: (1) the Executive shall receive as severance pay in a lump sum no later than sixty (60) days following such termination, an amount equal to the salary the Executive would have received for the remaining term of this Agreement had there been no termination, and (2) the Executive's (and his dependents') participation in any and all

life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, through August 24, 2004, with medical insurance and reimbursement benefits, consistent with past practices, through April 24, 2006.

13. Section 7(H) is hereby amended to read as follows: "For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock Purchase Agreement has occurred." The Executive hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

14. In the event the Executive's employment is terminated due to Disability, by the Executive without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Executive shall be entitled to all salary earned through the date of termination of his employment. In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment.

15. Any references in the Agreement to benefits to be provided to the Company's executive officers shall also include benefits

provided to Ladenburg's executive officers.

16. To the extent Section 8 of the Agreement is inconsistent with the Indemnification Agreement dated February 7, 2001 between the Executive and the Company, the Indemnification Agreement shall prevail.

17. Section 2 is hereby amended to add the following: "(C) Charitable and Other Activities: The Executive shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on corporate boards with the prior written approval of the Company's board."

18. This First Amendment to the Agreement shall become effective only upon the closing of the Stock Purchase Agreement. This First Amendment to the Agreement shall become null and void on the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to the Agreement as of February 8, 2001.

GBI CAPITAL PARTNERS, INC.

/s/ Richard J. Rosenstock	/s/ Joseph Berland
Name: Richard J. Rosenstock	JOSEPH BERLAND,
Title:	EXECUTIVE

FIRST AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, GBI CAPITAL PARTNERS, INC. (formerly known as GAINES, BERLAND INC.) (the "Company"), a New York corporation, has entered into an employment agreement (the "Agreement") with RICHARD J. ROSENSTOCK (the "Executive"), dated August 24, 1999;

WHEREAS, the Company is a wholly-owned subsidiary of GBI Capital Management Corp. (the "Parent"), a Florida corporation;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, and Parent have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of February 8, 2001 by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company and the Executive desire to amend the Agreement in order to facilitate the Acquisition;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The Executive's title with the Parent, as set forth in Section 2 of the Agreement, is hereby amended to be Vice Chairman and Chief Operating Officer. The Executive's annual salary, as set forth in Section 3(A) of the Agreement, is hereby amended to Five Hundred Thousand Dollars ($500,000). The Executive shall also be entitled to a guaranteed minimum annual bonus of Two Hundred and Fifty Thousand Dollars ($250,000), payable on the same basis as Executive's salary under Section 3(A) hereof and prorated for the period commencing with the closing of the Stock Purchase Agreement through September 30, 2001 (the "Guaranteed Bonus").

2. The Executive's participation in the Annual Incentive Bonus Plan (the "Bonus Plan") may be limited by the Compensation Committee so that the Executive may not receive in excess of 22 1/2% of the bonus pool ("Pool") per fiscal year under the Bonus Plan; provided, however, that the Compensation Committee may determine that the Guaranteed Bonus shall be credited against any amounts due to the Executive under the Bonus Plan for such fiscal year. The Executive shall not be entitled to participate in the Special Performance Incentive Plan (the "Incentive Plan") effective with the end of the commission month in which the closing of the Stock Purchase Agreement occurs. The Executive hereby agrees that the imposition of

such limits under the Bonus Plan and the termination of participation under the Incentive Plan is permitted under the Agreement, and the imposition of such limits and the termination of such participation shall not provide Reason (as defined in the Agreement) under the Agreement.

During the term of the Agreement, Reason shall be deemed to exist under the Agreement if any of the following shall occur: any amendment of the Bonus Plan in a manner adverse to the Executive (including any change in the performance criteria or the percentage of Net Income Before Taxes allocated to the Pool) or the failure by the Compensation Committee during any year to award the Executive, upon satisfaction of the performance criteria in the Bonus Plan, 22 1/2% of the Pool.

3. For the period commencing October 1, 2000 through the end of the commission month in which the closing of the Stock Purchase Agreement occurs, the Executive shall participate in the Bonus Plan and the Incentive Plan on the same basis as he currently participates in such plans on the date hereof.

4. During the term of the Agreement, (i) the Executive's services shall be rendered primarily from the Company's Bethpage, New York location unless he consents in writing to another location; (ii) the Company shall pay for the existing subscription to O'Neil Services; (iii) the Parent shall use its best effort to cause the Executive to be nominated to continue to serve as a director of the Parent and his failure to be elected shall constitute Reason as defined in Section 7(D) of the Agreement; (iv) the Executive shall be reimbursed consistent with past practices for all out-of-pocket medical expenses; (v) as long as there is no conflict or violation withss.162(m) of the Code, Executive may instruct the Company (and the Company shall follow such instructions) to pay up to $20,000 of his annual compensation to other employees of the Company; and (vi) the Executive's annual vacation period, as set forth in Section 5(B) of the Agreement, is hereby amended so that the Executive shall have five weeks of paid vacation annually.

5. Section 6(B) is hereby amended to read as follows: "The Executive agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Executive's employment pursuant to this Agreement and ending on the earlier of twelve (12) months thereafter or August 24, 2004, the Executive shall neither directly and/or indirectly (a) solicit, hire and/or contact any prior (within six (6) months of termination) or then current employee of the Company, Ladenburg Thalmann & Co. Inc. and/or the Parent nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities. In addition, the Executive shall not attempt (directly and/or indirectly), to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6."

6. Given that the Executive is a significant shareholder in the Parent and the Parent and New Valley have entered into the

Stock Purchase Agreement by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent, and the Stock Purchase Agreement is providing significant benefits to the Executive, the Executive hereby agrees that, from the date of the closing of the Stock Purchase Agreement until the earlier of 12 months following the Executive's termination of employment hereunder or August 24, 2004, without the prior written consent of the Parent, he will not, directly or indirectly, either as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity, carry on, be engaged in or have any financial interest in, any business which is in competition with any business of the Applicable Entities. For purposes of this section, a business shall be deemed to be in competition with any business of the Applicable Entities if it is materially involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by any member of the Applicable Entities as a material part of the business of such member of the Applicable Entities within the same geographic area in which such member of the Applicable Entities effects such purchases, sales or dealings or renders such services; provided, however, that for the period commencing with the termination of Executive's employment, (i) a business shall be deemed to be in competition with any business of the Applicable Entities only if it is materially involved in the retail brokerage business and (ii) the provisions of this Section 5 shall apply to the Executive only if the Company has made and is continuing to make all required payments to him upon and after termination of his employment. Notwithstanding the foregoing, Executive shall be allowed to make passive investments in publicly held competitive businesses as long as his ownership is less than 5% of such business.

7. Section 7(A) is hereby amended to add the following sentence: "In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

8. Section 7(B) is hereby amended to add the following sentence: "In addition, Executive and his dependents, as the case may be, shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

9. Clauses (iii) and (iv) of Section 7(C)(i) are hereby amended to read as follows: "or (iii) the continued and willful failure by Executive to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same."

10. Section 7(E) is hereby amended to read as follows: "In the event Executive's employment hereunder shall be terminated by the Executive for Reason or by the Company for other than Cause, Death or Disability: (1) the Executive shall receive as severance pay in a lump sum no later than sixty (60) days

following such termination, an amount equal to the sum of (i) the salary the Executive would have received for the remaining term of this Agreement had there been no termination, and (ii) the Termination Bonus Amount times the remaining number of years (or portion thereof) of the Agreement had there been no termination of the Executive, and (2) the Executive's (and his dependents') participation in any and all life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, through August 24, 2004, with medical insurance and reimbursement benefits, consistent with past practices, continuing through August 24, 2006. The Termination Bonus Amount shall equal the greater of the bonus paid or payable to the Executive under the Bonus Plan (i) for the year ended September 30, 2000, (ii) for the year immediately preceding the year in which such termination of the Executive occurs and (iii) for the year in which such termination of the Executive occurs calculated using financial information through the date of such termination annualized for the full year."

10. Section 7(H) is hereby amended to read as follows: "For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock

Purchase Agreement has occurred." The Executive hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

11. In the event the Executive's employment is terminated due to Disability, by the Executive without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Executive shall be entitled to all salary, Override and bonus payments, if any, earned and/or prorated through the date of termination of his employment. In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment.

12. Any references in the Agreement to benefits to be provided to the Company's executive officers shall also include benefits provided to Ladenburg's executive officers.

13. To the extent Section 8 of the Agreement is inconsistent with the Indemnification Agreement dated February 7, 2001 between Executive and the Company, the Indemnification Agreement shall prevail.

14. Section 2 is hereby amended to add the following: "(C) Charitable and Other Activities: The Executive shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on corporate boards with the prior written approval of

the Company's board."

15. This First Amendment to the Agreement shall become effective only upon the closing of the Stock Purchase Agreement. This First Amendment to the Agreement shall become null and void on the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to the Agreement as of February 8, 2001.

GBI CAPITAL PARTNERS, INC.

/s/ Joseph Berland	/s/ Richard J. Rosenstock
Name: Joseph Berland	RICHARD J. ROSENSTOCK,
Title:	EXECUTIVE

FIRST AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, GBI CAPITAL PARTNERS, INC. (formerly known as GAINES, BERLAND INC.) (the "Company"), a New York corporation, has entered into an employment agreement (the "Agreement") with VINCENT A. MANGONE (the "Executive"), dated August 24, 1999;

WHEREAS, the Company is a wholly-owned subsidiary of GBI Capital Management Corp. (the "Parent"), a Florida corporation;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, and Parent have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of February 8, 2001 by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company and the Executive desire to amend the Agreement in order to facilitate the Acquisition;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The Executive's participation in the Annual Incentive Bonus Plan (the "Bonus Plan") and the Special Performance Incentive Plan (the "Incentive Plan") may be limited by the Compensation Committee so that the Executive may not receive in excess of 22 1/2% of the bonus pool ("Pool") per fiscal year under the Bonus Plan and in excess of the percentage set forth on Exhibit A hereto of Total Revenue (as defined below) per year under the Incentive Plan; provided, however, that for the fiscal year ending September 30, 2001, Total Revenue shall include the total revenue of the Parent, including the total revenue of Ladenburg Thalmann & Co. Inc., for only the period commencing with the first day following the end of the commission month in which the closing of the Stock Purchase Agreement occurs. As used herein, "Total Revenue" for any fiscal year means the Parent's total consolidated revenues, as reported in the Parent's audited consolidated financial statements for the year. The Executive hereby agrees that the imposition of such limits is permitted under the Agreement, and the imposition of such limits shall not provide Reason (as defined in the Agreement) under the Agreement.

During the term of the Agreement, Reason shall be deemed to

exist under the Agreement if any of the following shall occur: any amendment of the Bonus Plan or the Incentive Plan in a manner adverse to the Executive (including any change in the performance criteria, the percentage of Net Income Before Taxes allocated to the Pool or the computation of the Override) or the failure by the Compensation Committee during any year to award the Executive, upon satisfaction of the performance criteria in the plans, 22 1/2% of the Pool or the percentage set forth on Exhibit A hereto of Total Revenue.

2. For the period commencing October 1, 2000 through the end of the commission month in which the closing of the Stock Purchase Agreement occurs, the Executive shall participate in the Bonus Plan and the Incentive Plan on the same basis as he currently participates in such plans on the date hereof.

3. During the term of the Agreement, (i) the Executive's services shall be rendered primarily from the Company's Bethpage, New York location unless he consents in writing to another location; (ii) the Company shall pay for the existing subscription to O'Neil Services; (iii) the Parent shall use its best effort to cause the Executive to be nominated to continue to serve as a director of the Parent and his failure to be elected shall constitute Reason as defined in Section 7(D) of the Agreement; (iv) the Executive shall be reimbursed consistent with past practices for all out-of-pocket medical expenses; (v) as long as there is no conflict or violation withss.162(m) of the Code, Executive may instruct the Company (and the Company shall follow such instructions) to pay up to $20,000 of his annual compensation to other employees of the Company; and (vi) the Executive's annual vacation period, as set forth in Section 5(B) of the Agreement, is hereby amended so that the Executive shall have five weeks of paid vacation annually.

4. Section 6(B) is hereby amended to read as follows: "The Executive agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Executive's employment pursuant to this Agreement and ending on the earlier of twelve (12) months thereafter or August 24, 2004, the Executive shall neither directly and/or indirectly (a) solicit, hire and/or contact any prior (within six (6) months of termination) or then current employee of the Company, Ladenburg Thalmann & Co. Inc. and/or the Parent nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable

Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities. In addition, the Executive shall not attempt (directly and/or indirectly), to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6."

5. Given that the Executive is a significant shareholder in the Parent and the Parent and New Valley have entered into the Stock Purchase Agreement by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent, and the Stock Purchase Agreement is providing

significant benefits to the Executive, the Executive hereby agrees that, from the date of the closing of the Stock Purchase Agreement until the earlier of 12 months following the Executive's termination of employment hereunder or August 24, 2004, without the prior written consent of the Parent, he will not, directly or indirectly, either as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity, carry on, be engaged in or have any financial interest in, any business which is in competition with any business of the Applicable Entities. For purposes of this section, a business shall be deemed to be in competition with any business of the Applicable Entities if it is materially involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by any member of the Applicable Entities as a material part of the business of such member of the Applicable Entities within the same geographic area in which such member of the Applicable Entities effects such purchases, sales or dealings or renders such services; provided, however, that for the period commencing with the termination of Executive's employment, (i) a business shall be deemed to be in competition with any business of the Applicable Entities only if it is materially involved in the retail brokerage business and (ii) the provisions of this Section 5 shall apply to the Executive only if the Company has made and is continuing to make all required payments to him upon and after termination of his employment. Notwithstanding the foregoing, Executive shall be allowed to make passive investments in publicly held competitive businesses as long as his ownership is less than 5% of such business.

6. Section 7(A) is hereby amended to add the following sentence: "In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

7. Section 7(B) is hereby amended to add the following sentence: "In addition, Executive and his dependents, as the case may be, shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

8. Clauses (iii) and (iv) of Section 7(C)(i) are hereby amended to read as follows: "or (iii) the continued and willful failure by Executive to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same."

9. Section 7(E) is hereby amended to read as follows: "In the event Executive's employment hereunder shall be terminated by the Executive for Reason or by the Company for other than Cause, Death or Disability: (1) the Executive shall receive as severance pay in a lump sum no later than sixty (60) days following such termination, an amount equal to the sum of (i) the salary the Executive would have received for the remaining

term of this Agreement had there been no termination, (ii) all accrued Override payments earned as of the date of such termination, and (iii) the Termination Bonus Amount times the remaining number of years (or portion thereof) of the Agreement had there been no termination of the Executive, and (2) the Executive's (and his dependents') participation in any and all life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, through August 24, 2004, with medical insurance and reimbursement benefits, consistent with past practices, continuing through August 24, 2006. The Termination Bonus Amount shall equal the greater of the bonus paid or payable to the Executive under the Bonus Plan (i) for the year ended September 30, 2000, (ii) for the year immediately preceding the year in which such termination of the Executive occurs and (iii) for the year in which such termination of the Executive occurs calculated using financial information through the date of such termination annualized for the full year."

10. Section 7(H) is hereby amended to read as follows: "For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock Purchase Agreement has occurred." The Executive hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

11. In the event the Executive's employment is terminated due to Disability, by the Executive without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Executive shall be entitled to all salary, Override and bonus payments, if any, earned and/or prorated through the date of termination of his employment. In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment.

12. Any references in the Agreement to benefits to be provided to the Company's executive officers shall also include benefits provided to Ladenburg's executive officers.

13. To the extent Section 8 of the Agreement is inconsistent with the Indemnification Agreement dated February 7, 2001 between Executive and the Company, the Indemnification Agreement shall prevail.

14. Section 2 is hereby amended to add the following: "(C) Charitable and Other Activities: The Executive shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on corporate boards with the prior written approval of the Company's board."

15. This First Amendment to the Agreement shall become effective

only upon the closing of the Stock Purchase Agreement. This First Amendment to the Agreement shall become null and void on the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to the Agreement as of February 8, 2001.

GBI CAPITAL PARTNERS, INC.

/s/ Richard J. Rosenstock	/s/ Vincent A. Mangone
Name: Richard J. Rosenstock	VINCENT A. MANGONE,
Title:	EXECUTIVE

Exhibit A

Total Revenues	Incentive Award as % of Total Revenues
$0 - $150,000,000	0.6167%
$150,000,001 - $170,000,000	0.6000%
$170,000,001 - $190,000,000	0.5833%
$190,000,001 - $210,000,000	0.5667%
$210,000,001 - $230,000,000	0.5500%
$230,000,001 - $250,000,000	0.5333%
$250,000,001 - $270,000,000	0.5167%
$270,000,001 - and above	0.5000%

FIRST AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, GBI CAPITAL PARTNERS, INC. (formerly known as GAINES, BERLAND INC.) (the "Company"), a New York corporation, has entered into an employment agreement (the "Agreement") with MARK ZEITCHICK (the "Executive"), dated August 24, 1999;

WHEREAS, the Company is a wholly-owned subsidiary of GBI Capital Management Corp. (the "Parent"), a Florida corporation;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, and Parent have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of February 8, 2001 by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company and the Executive desire to amend the Agreement in order to facilitate the Acquisition;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The Executive's participation in the Annual Incentive Bonus Plan (the "Bonus Plan") and the Special Performance Incentive Plan (the "Incentive Plan") may be limited by the Compensation Committee so that the Executive may not receive in excess of 22 1/2% of the bonus pool ("Pool") per fiscal year under the Bonus Plan and in excess of the percentage set forth on Exhibit A hereto of Total Revenue (as defined below) per year under the Incentive Plan; provided, however, that for the fiscal year ending September 30, 2001, Total Revenue shall include the total revenue of the Parent, including the total revenue of Ladenburg Thalmann & Co. Inc., for only the period commencing with the first day following the end of the commission month in which the closing of the Stock Purchase Agreement occurs. As used herein, "Total Revenue" for any fiscal year means the Parent's total consolidated revenues, as reported in the Parent's audited consolidated financial statements for the year. The Executive hereby agrees that the imposition of such limits is permitted under the Agreement, and the imposition of such limits shall not provide Reason (as defined in the Agreement) under the Agreement.

During the term of the Agreement, Reason shall be deemed to

exist under the Agreement if any of the following shall occur: any amendment of the Bonus Plan or the Incentive Plan in a manner adverse to the Executive (including any change in the performance criteria, the percentage of Net Income Before Taxes allocated to the Pool or the computation of the Override) or the failure by the Compensation Committee during any year to award the Executive, upon satisfaction of the performance criteria in the plans, 22 1/2% of the Pool or the percentage set forth on Exhibit A hereto of Total Revenue.

2. For the period commencing October 1, 2000 through the end of the commission month in which the closing of the Stock Purchase Agreement occurs, the Executive shall participate in the Bonus Plan and the Incentive Plan on the same basis as he currently participates in such plans on the date hereof.

3. During the term of the Agreement, (i) the Executive's services shall be rendered primarily from the Company's Bethpage, New York location unless he consents in writing to another location; (ii) the Company shall pay for the existing subscription to O'Neil Services; (iii) the Parent shall use its best effort to cause the Executive to be nominated to continue to serve as a director of the Parent and his failure to be elected shall constitute Reason as defined in Section 7(D) of the Agreement; (iv) the Executive shall be reimbursed consistent with past practices for all out-of-pocket medical expenses; (v) as long as there is no conflict or violation withss.162(m) of the Code, Executive may instruct the Company (and the Company shall follow such instructions) to pay up to $20,000 of his annual compensation to other employees of the Company; and (vi) the Executive's annual vacation period, as set forth in Section 5(B) of the Agreement, is hereby amended so that the Executive shall have five weeks of paid vacation annually.

4. Section 6(B) is hereby amended to read as follows: "The Executive agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Executive's employment pursuant to this Agreement and ending on the earlier of twelve (12) months thereafter or August 24, 2004, the Executive shall neither directly and/or indirectly (a) solicit, hire and/or contact any prior (within six (6) months of termination) or then current employee of the Company, Ladenburg Thalmann & Co. Inc. and/or the Parent nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable

Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities. In addition, the Executive shall not attempt (directly and/or indirectly), to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6."

5. Given that the Executive is a significant shareholder in the Parent and the Parent and New Valley have entered into the Stock Purchase Agreement by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent, and the Stock Purchase Agreement is providing significant benefits to the Executive, the Executive hereby

agrees that, from the date of the closing of the Stock Purchase Agreement until the earlier of 12 months following the Executive's termination of employment hereunder or August 24, 2004, without the prior written consent of the Parent, he will not, directly or indirectly, either as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity, carry on, be engaged in or have any financial interest in, any business which is in competition with any business of the Applicable Entities. For purposes of this section, a business shall be deemed to be in competition with any business of the Applicable Entities if it is materially involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by any member of the Applicable Entities as a material part of the business of such member of the Applicable Entities within the same geographic area in which such member of the Applicable Entities effects such purchases, sales or dealings or renders such services; provided, however, that for the period commencing with the termination of Executive's employment, (i) a business shall be deemed to be in competition with any business of the Applicable Entities only if it is materially involved in the retail brokerage business and (ii) the provisions of this Section 5 shall apply to the Executive only if the Company has made and is continuing to make all required payments to him upon and after termination of his employment. Notwithstanding the foregoing, Executive shall be allowed to make passive investments in publicly held competitive businesses as long as his ownership is less than 5% of such business.

6. Section 7(A) is hereby amended to add the following sentence: "In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

7. Section 7(B) is hereby amended to add the following sentence: "In addition, Executive and his dependents, as the case may be, shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment."

8. Clauses (iii) and (iv) of Section 7(C)(i) are hereby amended to read as follows: "or (iii) the continued and willful failure by Executive to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same."

9. Section 7(E) is hereby amended to read as follows: "In the event Executive's employment hereunder shall be terminated by the Executive for Reason or by the Company for other than Cause, Death or Disability: (1) the Executive shall receive as severance pay in a lump sum no later than sixty (60) days following such termination, an amount equal to the sum of (i) the salary the Executive would have received for the remaining term of this Agreement had there been no termination, (ii) all accrued Override payments earned as of the date of such

termination, and (iii) the Termination Bonus Amount times the remaining number of years (or portion thereof) of the Agreement had there been no termination of the Executive, and (2) the Executive's (and his dependents') participation in any and all life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, through August 24, 2004, with medical insurance and reimbursement benefits, consistent with past practices, continuing through August 24, 2006. The Termination Bonus Amount shall equal the greater of the bonus paid or payable to the Executive under the Bonus Plan (i) for the year ended September 30, 2000, (ii) for the year immediately preceding the year in which such termination of the Executive occurs and (iii) for the year in which such termination of the Executive occurs calculated using financial information through the date of such termination annualized for the full year."

10. Section 7(H) is hereby amended to read as follows: "For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock Purchase Agreement has occurred." The Executive hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

11. In the event the Executive's employment is terminated due to Disability, by the Executive without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Executive shall be entitled to all salary, Override and bonus payments, if any, earned and/or prorated through the date of termination of his employment. In addition, Executive's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Executive's employment.

12. Any references in the Agreement to benefits to be provided to the Company's executive officers shall also include benefits provided to Ladenburg's executive officers.

13. To the extent Section 8 of the Agreement is inconsistent with the Indemnification Agreement dated February 7, 2001 between Executive and the Company, the Indemnification Agreement shall prevail.

14. Section 2 is hereby amended to add the following: "(C) Charitable and Other Activities: The Executive shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on corporate boards with the prior written approval of the Company's board."

15. This First Amendment to the Agreement shall become effective only upon the closing of the Stock Purchase Agreement. This First Amendment to the Agreement shall become null and void on

the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to the Agreement as of February 8, 2001.

GBI CAPITAL PARTNERS, INC.

/s/ Richard J. Rosenstock	/s/ Mark Zeitchick
Name: Richard J. Rosenstock	MARK ZEITCHICK,
Title:	EXECUTIVE

Exhibit A

Total Revenues	Incentive Award as % of Total Revenues
$0 - $150,000,000	0.6167%
$150,000,001 - $170,000,000	0.6000%
$170,000,001 - $190,000,000	0.5833%
$190,000,001 - $210,000,000	0.5667%
$210,000,001 - $230,000,000	0.5500%
$230,000,001 - $250,000,000	0.5333%
$250,000,001 - $270,000,000	0.5167%
$270,000,001 - and above	0.5000%

FIRST AMENDMENT

TO THE

EMPLOYMENT AGREEMENT

WHEREAS, GBI CAPITAL PARTNERS, INC. (formerly known as GAINES, BERLAND INC.) (the "Company"), a New York corporation, has entered into an employment agreement (the "Agreement") with DAVID THALHEIM (the "Administrator"), dated August 24, 1999;

WHEREAS, the Company is a wholly-owned subsidiary of GBI Capital Management Corp. (the "Parent"), a Florida corporation;

WHEREAS, NEW VALLEY CORPORATION ("New Valley"), a Delaware corporation, and Parent have entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") dated as of February 8, 2001 by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent (such corporate transaction, the "Acquisition");

WHEREAS, the Company and the Administrator desire to amend the Agreement in order to facilitate the Acquisition;

WHEREAS, Section 13 of the Agreement provides that no modification of or addition to the Agreement or waiver or cancellation of any provision therein shall be valid except by a signed writing;

NOW THEREFORE, in consideration of the promises and mutual representations, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Agreement as follows:

1. The term of the Agreement, as set forth in Section 1 of the Agreement, is hereby amended to terminate on the second anniversary of the closing of the Stock Purchase Agreement (the "Second Anniversary Date), subject to earlier termination as provided in the Agreement.

2. The Administrator's annual salary, as set forth in Section 3(A) of the Agreement, is hereby amended to Two Hundred Thousand Dollars ($200,000).

3. The Administrator shall not participate in the Annual Incentive Bonus Plan and the Special Performance Incentive Plan effective with the end of the commission month in which the closing of the Stock Purchase Agreement occurs. The Administrator hereby agrees that the termination of participation under the plans is permitted under the Agreement, and the termination of such participation shall not provide Reason (as defined in the Agreement) under the Agreement.

4. For the period commencing October 1, 2000 through the end of the commission month in which the closing of the Stock Purchase Agreement occurs, the Administrator shall participate in the Bonus Plan and the Incentive Plan on the same basis as he currently participates in such plans on the date hereof.

5. During the term of the Agreement, (i) the Administrator's

services shall be rendered primarily from the Company's Bethpage, New York location unless he consents in writing to another location; (ii) the Administrator agrees to devote such of his business time as may be necessary to perform his duties hereunder consistent with past practice (it being acknowledged by the Company that the Administrator's employment hereunder shall not be "full time"); (iii) the Administrator shall report to Victor Rivas and Richard Rosenstock; (iv) the Administrator shall be reimbursed consistent with past practices for all out-of-pocket medical expenses; and (v) the Administrator's annual vacation period, as set forth in Section 5(B) of the Agreement, is hereby amended so that the Administrator shall have five weeks of paid vacation annually.

6. Section 6(B) is hereby amended to read as follows: "The Administrator agrees that if the Company has made and is continuing to make all required payments to him upon and after termination of his employment, then for a period commencing on the date of termination of the Administrator's employment pursuant to this Agreement and ending on the earlier of twelve (12) months thereafter or the Second Anniversary Date, the Administrator shall neither directly and/or indirectly (a) solicit, hire and/or contact any prior (within six (6) months of termination) or then current employee of the Company, Ladenburg Thalmann & Co. Inc. and/or the Parent nor any of their respective direct and/or indirect subsidiaries (collectively, the "Applicable Entities"), nor (b) solicit or transact any business with any prior (within six (6) months of termination) or then current customer and/or client of the Applicable Entities. In addition, the Administrator shall not attempt (directly and/or indirectly), to do anything either by himself or through others that he is prohibited from doing pursuant to this Section 6."

7. Given that the Administrator is a significant shareholder in the Parent and the Parent and New Valley have entered into the Stock Purchase Agreement by which New Valley will acquire beneficial ownership of in excess of 50% of the stock of the Parent, and the Stock Purchase Agreement is providing significant benefits to the Administrator, the Administrator hereby agrees that, from the date of the closing of the Stock Purchase Agreement until the earlier of 12 months following the Administrator's termination of employment hereunder or the Second Anniversary Date, without the prior written consent of the Parent, he will not, directly or indirectly, either as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity, carry on, be engaged in or have any financial interest in, any business which is in competition with any business of the Applicable Entities. For purposes of this section, a business shall be deemed to be in competition with any business of the Applicable Entities if it is materially involved in the purchase, sale or other dealing in any property or the rendering of any service purchased, sold, dealt in or rendered by any member of the Applicable Entities as a material part of the business of such member of the Applicable Entities within the same geographic area in which such member of the Applicable Entities effects such purchases, sales or dealings or renders such services; provided, however,

that for the period commencing with the termination of Administrator's employment, (i) a business shall be deemed to be in competition with any business of the Applicable Entities only if it is materially involved in the retail brokerage business and (ii) the provisions of this Section 5 shall apply to the Administrator only if the Company has made and is continuing to make all required payments to him upon and after termination of his employment. Notwithstanding the foregoing, Administrator shall be allowed to make passive investments in publicly held competitive businesses as long as his ownership is less than 5% of such business.

8. Section 7(A) is hereby amended to add the following sentence: "In addition, Administrator's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Administrator's employment."

9. Section 7(B) is hereby amended to add the following sentence: "In addition, Administrator and his dependents, as the case may be, shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Administrator's employment."

10. Clauses (iii) and (iv) of Section 7(C)(i) are hereby amended to read as follows: "or (iii) the continued and willful failure by Administrator to substantially and materially perform his material duties hereunder after a reasonable notice and an opportunity to cure same."

11. Section 7(E) is hereby amended to read as follows: "In the event Administrator's employment hereunder shall be terminated by the Administrator for Reason or by the Company for other than Cause, Death or Disability: (1) the Administrator shall receive as severance pay in a lump sum no later than sixty (60) days following such termination, an amount equal to the salary the Administrator would have received for the remaining term of this Agreement had there been no termination, and (2) the Administrator's (and his dependents') participation in any and all life, disability, medical and dental insurance plans shall be continued, or equivalent benefits provided to him or them by the Company, at no cost to him or them, through August 24, 2004, with medical insurance and reimbursement benefits, consistent with past practices, through April 24, 2006.

12. Section 7(H) is hereby amended to read as follows: "For purposes hereof, a Change of Control shall be deemed to have occurred if a "Change of Control" as defined in the Senior Convertible Promissory Note attached as Exhibit B to the Stock Purchase Agreement has occurred." The Administrator hereby agrees that the Acquisition and the other transactions contemplated by the Stock Purchase Agreement shall not constitute a Change of Control under the Agreement.

13. In the event the Administrator's employment is terminated due

to Disability, by the Administrator without Reason or by the Company for Cause, in addition to, and without duplication of, any other payments or other benefits currently provided in the Agreement, the Administrator shall be entitled to all salary earned through the date of termination of his employment. In addition, Administrator's beneficiary and/or dependents shall be entitled, through August 24, 2006, to continuation, at the Company's expense, of such medical insurance and reimbursement benefits as are being provided to them, consistent with past practices, prior to termination of Administrator's employment.

14. Any references in the Agreement to benefits to be provided to the Company's "executive officers" or "administrative officers" shall also include benefits provided to the Company's and Ladenburg's executive officers.

15. To the extent Section 8 of the Agreement is inconsistent with the Indemnification Agreement dated February 7, 2001 between Administrator and the Company, the Indemnification Agreement shall prevail.

16. Section 2 is hereby amended to add the following: "(C) Charitable and Other Activities: The Administrator shall be allowed, to the extent such activities do not substantially interfere with the performance of his duties and responsibilities hereunder, (i) to manage his personal, financial and legal affairs, (ii) to be engaged in civic, charitable, religious and educational activities, and (iii) to serve on corporate boards with the prior written approval of the Company's board."

17. This First Amendment to the Agreement shall become effective only upon the closing of the Stock Purchase Agreement. This First Amendment to the Agreement shall become null and void on the termination of the Stock Purchase Agreement prior to the consummation of the transactions contemplated thereby.

IN WITNESS WHEREOF, the parties have duly executed this First Amendment to the Agreement as of February 8, 2001.

GBI CAPITAL PARTNERS, INC.

/s/ Richard J. Rosenstock	/s/ David Thalheim
Name: Richard J. Rosenstock	DAVID THALHEIM,
Title:	ADMINISTRATOR

GBI CAPITAL MANAGEMENT CORP.
1055 Stewart Avenue
Bethpage, New York 11714

February 8, 2001

[Individual]
[Address]

Dear [_____]:

The purpose of this letter is to assure you that GBI Capital Management Corp. ("GBI") hereby irrevocably guarantees all of the payments to be made by GBI Capital Partners Inc. (formerly known as Garnes Berland Inc.) (the "Company") and all of the benefits to be provided by the Company under the Employment Agreement dated as of August 24, 1999 between you and the Company, as the same may be amended from time to time. Subject to the terms of this letter, you may demand performance by GBI under this letter upon the failure by the Company, within a reasonable time after a formal written request by you, to make such payments or to provide such benefits under the Employment Agreement.

The obligations of GBI hereunder shall remain in effect for so long as the Company is obligated to pay amounts to you or to provide benefits to you under the Employment Agreement. The obligations of GBI hereunder shall not be affected by any assignment in accordance with Section 12 of the Employment Agreement and may not be assigned or delegated by GBI without your prior express written consent, which consent shall not be unreasonably withheld or delayed.

Very truly yours,

GBI CAPITAL MANAGEMENT CORP.

By: _____
Name:
Title

Accepted and Agreed to:

By: _____

ESCROW AGREEMENT

ESCROW AGREEMENT dated _____ _, 2001, among GBI CAPITAL MANAGEMENT CORP., a Florida corporation ("GBI"), BERLINER EFFEKTENGESELLSCHAFT AG, a German corporation ("Berliner"), and CONTINENTAL STOCK TRANSFER & TRUST COMPANY, as escrow agent (the "Escrow Agent").

GBI, Berliner, New Valley Corporation, a Delaware corporation, Ladenburg, Thalmann Group Inc., a Delaware corporation and wholly owned subsidiary of New Valley Corporation ("LTGI") and Ladenburg, Thalmann & Co. Inc., a Delaware corporation ("Ladenburg"), are parties to a Stock Purchase Agreement dated February 8, 2001 (the "Stock Purchase Agreement") pursuant to which Berliner and Nebraska Sub ("Sellers") sold to GBI all of the issued and outstanding Common Stock, par value $.01 per share, of Ladenburg. Sellers have agreed to adjust the Purchase Price as set forth in Article I of the Stock Purchase Agreement and to indemnify and hold GBI and Ladenburg harmless as set forth in Article VII of the Stock Purchase Agreement. The parties hereto desire to establish collateral security for Bermuda's payment obligations under Article I of the Stock Purchase Agreement and indemnification obligations under Article VII of the Stock Purchase Agreement. Capitalized terms used herein which are not otherwise defined herein shall have the meanings ascribed to them in the Stock Purchase Agreement.

The parties agree as follows:

1. The Escrow Fund.

(a) Concurrently with the execution hereof, GBI has issued to [name of escrow account] and has delivered to the Escrow Agent cash in the amount of $500,000 which constitutes the "Escrow Fund".

(b) The Escrow Agent hereby agrees to act as escrow agent and to hold, safeguard and disburse the Escrow Fund pursuant to the terms and

conditions hereof. Its duties hereunder with respect to the Escrow Fund shall cease upon its distribution of the entire Escrow Fund in accordance with this Agreement.

2. Liquidation of Escrow Fund.

(a) Until disbursement of the entire Escrow Fund, any cash portion thereof shall be invested by the Escrow Agent pursuant to the written instructions of Berliner (with a copy to GBI).

(b) Berliner agrees with GBI that it will not instruct the Escrow Agent to invest the cash portion of its account in the Escrow Fund except in the following:

(i) obligations issued or guaranteed by the United States government, any state of the United States or any political subdivision thereof, or by any agency or instrumentality of the United States or of any such state or subdivision;

(ii) interest-bearing deposit accounts (which may be represented by certificates of deposit) in any

federally-insured bank organized under the laws of the United States or any state of the United States with a combined capital and surplus of not less than $500,000,000 or any federally-insured savings and loan association which has total assets of not less than $500,000,000; and

(iii) bankers' acceptances drawn on and accepted by commercial banks with a combined capital and surplus of not less than $500,000,000.

3. Claims against the Escrow Fund.

(a) GBI may make a claim against Berliner and the Escrow Fund (i) for payment of the adjustment to the Purchase Price payable by Berliner pursuant to Sections 2.04(c) and (e) of the Stock Purchase Agreement ("Net Worth Claim") and (ii) for indemnification pursuant to Article VII of the Stock Purchase Agreement ("Indemnity Claim") (collectively, "Claims"). A claim

may be made by giving notice (a "Notice") to Berliner (with a copy to the Escrow Agent), specifying the covenant, representation, warranty, agreement, undertaking or obligation contained in the Stock Purchase Agreement which GBI asserts has been breached or otherwise entitles it to a Claim and, in the case of an Indemnity Claim (i) in reasonable detail, the nature and dollar amount of any Indemnity Claim GBI may have against Berliner by reason thereof under the Stock Purchase Agreement, and (ii) whether the Indemnity Claim is (A) a "Direct Claim" (as hereinafter defined) or (B) results from a Third Party Claim against GBI. GBI also shall deliver to the Escrow Agent (with a copy to Berliner), concurrently with its delivery to the Escrow Agent of the Notice, a certification as to the date on which the Notice was delivered to Berliner. As used herein, "Direct Claim" means any claim, demand, suit, proceeding or action by GBI against Berliner. In no way does this section affect the liability of Berliner as set forth in Article IX of the Stock Purchase Agreement.

The procedure for resolving any Net Worth Claim is set forth in Section 2.04 of the Stock Purchase Agreement. The procedure for resolving any Indemnity Claims (other than a Third Party Claim) is set forth in paragraphs (b), (c) and (d) below. The procedure for resolving any Indemnity Claim that is a Third Party Claim is set forth in Section 7.03 of the Stock Purchase Agreement, as supplemented by paragraphs (b), (c) and (d) below. Any payment from the Escrow Fund by reason of any Claim shall be made in accordance with paragraph (f) below.

(b) If Berliner shall give a notice to GBI (with a copy to the Escrow Agent) (a "Counter Notice"), within 30 days following the date of receipt by Berliner of a copy of the Notice, disputing any Direct Claim, disputing (i) whether a Net Worth Claim is an amount different than as established pursuant to Section 2.04 of the Stock Purchase Agreement, (ii) any Indemnity Claim (other than a Third Party Claim), (iii) whether an Indemnity Claim is a Direct Claim or a Third Party Claim or (iv) whether the Indemnity Claim is indemnifiable or reimbursable under Article VII of the Stock Purchase Agreement, the parties shall attempt to resolve such dispute by voluntary settlement as provided in paragraph (c) below. If no Counter Notice with respect to any Claim is received by the Escrow Agent from Berliner within such 30-day period, the Claim shall be deemed to be an Established Claim (as hereinafter defined) for purposes of this Agreement.

(c) If Berliner delivers a Counter Notice to the Escrow Agent, GBI and Berliner shall, during the period of 60 days following the delivery of such Counter Notice or such greater period of time as the parties may agree to in writing (with a copy to the Escrow Agent), attempt to resolve the dispute with respect to which the Counter Notice was given. If GBI and Berliner shall reach a settlement with respect to any such dispute, they shall jointly deliver written notice of such settlement to the Escrow Agent specifying the terms thereof. If GBI and Berliner shall be unable to reach a settlement with respect to a dispute, such dispute shall be resolved by arbitration pursuant to paragraph (d) below.

(d) If GBI and Berliner cannot resolve a dispute prior to expiration of the 60-day period referred to in paragraph (c) above (or such longer period as the parties may have agreed to in writing), then such dispute shall be submitted (and either party may submit such dispute) for arbitration before a single arbitrator in New York City in accordance with the commercial arbitration rules of the American Arbitration Association then in effect. GBI and Berliner shall attempt to agree upon an arbitrator; if the parties shall be unable to agree upon an arbitrator within 10 days after the date on which it may, under this Agreement, be submitted for arbitration, then either GBI or Berliner, upon written notice to the other, may apply for appointment of such arbitrator by the American Arbitration Association (or any organization successor thereto). Each party shall pay the fees and expenses of counsel used by it and 50% of the fees and expenses of the arbitrator and of other expenses of the arbitration. The arbitrator shall render his decision within 90 days after his appointment and may award costs to any of the parties. Such decision and award shall be in writing and shall be final and conclusive on the parties, and counterpart copies thereof shall be delivered to each of the parties. Judgment may be obtained on the decision of the arbitrator so rendered in any court having jurisdiction and may be enforced in accordance with the laws of the State of New York. If the arbitrator shall fail to render his decision or award within such 90-day period, either GBI or Berliner may apply to any New York or federal court then having jurisdiction by action, proceeding or otherwise, as may be proper to determine the matter in dispute consistently with the provisions of this Agreement. The parties consent to the exclusive jurisdiction of the New York courts sitting in the Borough of Manhattan and the United States District Court for the Southern District of New York for this purpose. The

prevailing party (or either party, in the case of a decision or award rendered in part for each party) shall send a copy of the arbitration decision or of any judgment of the New York or federal court to the Escrow Agent.

(e) As used in this Agreement, "Established Claim" means any (i) Net Worth Claim as finally determined pursuant to Section 2.04 of the Stock Purchase Agreement, (ii) Claim, other than a Third Party Claim, resolved in favor of GBI by settlement of the parties pursuant to paragraph 3(c) above, resulting in a dollar award to GBI, (iii) Claim other than a Third Party Claim, established by the decision of an arbitrator pursuant to paragraph 3(d) above, resulting in a dollar award to GBI, (iv) Third Party Claim which has been sustained by a final determination (after exhaustion of any appeals) of a court of competent jurisdiction, or (v) Third Party Claim which GBI and Berliner have jointly notified the Escrow Agent has been settled in accordance with the provisions of the Stock Purchase Agreement. With respect to subsections (iv) and (v), in order for a Third Party Claim to constitute an Established Claim, either of the following conditions also must be met: (1) settlement pursuant to

paragraph 3(c) under which Berliner acknowledges that the Stock Purchase Agreement affords GBI indemnification against the Third Party Claim or (2) the decision of an arbitrator pursuant to paragraph 3(d) under which it is determined that the Stock Purchase Agreement affords GBI indemnification against the Third Party Claim.

(f) (i) Promptly after a Claim becomes an Established Claim, GBI shall contemporaneously give notice to Seller and to the Escrow Agent. Berliner shall have fifteen (15) Business Days from receipt of such notice to satisfy the Established Claim in cash from assets other than the Escrow Fund. If payment of the Established Claim is not made by Berliner within the 15-day period provided above, the Escrow Agent shall make payment of the Established Claim to GBI by paying an amount equal to the aggregate dollar amount of the Established Claim (or, if at the time there remains in Bermuda's account in the Escrow Fund less than the full amount payable, the full amount remaining in Bermuda's account in the Escrow Fund).

(ii) Notwithstanding the provisions of paragraph 3(f)(i), when necessary to provide funds in order to make any payments required by this Agreement, the Escrow Agent shall liquidate any investments in the Escrow Fund in accordance with written instructions given to it by Berliner with regard to

the priority of investments to be so liquidated. If no such instructions are given, the Escrow Agent may liquidate any such investments as it may determine in its sole judgment. The Escrow Agent shall incur no liability for losses upon the liquidation of any investments in the Escrow Fund.

(iii) If the amount of an Established Claim against Berliner is more than the full amount in the Escrow Fund, Berliner shall remain liable for the deficiency and shall promptly pay the amount thereof to GBI upon demand.

4. Distribution from the Escrow Fund.

(a) On _____ __, 2003 or as soon as practicable thereafter, the Escrow Agent shall distribute and issue to Berliner the cash then in the Escrow Fund, unless at either such time there are any Claims against Berliner with respect to which Notices have been received but which have not been resolved pursuant to Section 3 hereof or in respect of which the Escrow Agent has not been notified of, and received a copy of, a final determination (after exhaustion of any appeals) by a court of competent jurisdiction, as the case may be (in either case, "Pending Claims"), and which, if resolved or finally determined in favor of GBI, would result in a payment to GBI, in which case the Escrow Agent shall retain, and the total amount of such distributions to Berliner shall be reduced by, the "Pending Claims Reserve" (as hereafter defined). Thereafter, if any Pending Claim becomes an Established Claim, the Escrow Agent shall promptly pay to GBI an amount in respect thereof determined in accordance with paragraph 3(f) above, and to Berliner the amount by which the remaining amount in the Escrow Fund exceeds the then Pending Claims Reserve. If

any Pending Claim becomes resolved in favor of Berliner, the Escrow Agent shall promptly pay to Berliner the amount by which the remaining amount of the Escrow Fund exceeds the then Pending Claims Reserve. Upon resolution of all Pending Claims, the Escrow Agent shall pay to Berliner the remaining amount in the Escrow Fund.

(b) As used herein, the "Pending Claims Reserve" at any time shall mean an amount equal to the sum of the aggregate dollar amounts claimed to be due with respect to all Pending Claims (as shown in the Notices of such Claims).

5. The Escrow Agent.

(a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein.

(b) The Escrow Agent may rely and shall be protected in acting or refraining from acting in good faith upon any written notice, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent may conclusively presume that the undersigned representative of any party hereto which is a legal entity other than a natural person has full power and authority to instruct the Escrow Agent on behalf of that party unless written notice to the contrary is received by the Escrow Agent.

(c) The Escrow Agent's sole responsibility upon receipt of any Notice requiring any payment to GBI pursuant to the terms of this Agreement or, if such Notice is disputed by GBI or Berliner, notice of the settlement (the "Settlement Notice") with respect to any such dispute, whether by virtue of joint resolution, arbitration or determination of a court of competent jurisdiction, is to pay to GBI or Berliner the amount specified in such Notice, or Settlement Notice, as the case may be, and the Escrow Agent shall have no duty to determine the validity, authenticity or enforceability of any specification or certification made in such Notice, or Settlement Notice, as the case may be.

(d) The Escrow Agent shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement, and may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(e) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving notice in writing of such resignation specifying a date upon which such resignation shall take effect, whereupon a successor Escrow Agent, which shall be a bank or trust company with an office in New York City and a combined capital and surplus of not less than $500,000,000, shall be appointed by Berliner.

(f) In the event of a dispute between the parties as to the proper disposition of the Escrow Fund, the Escrow Agent shall be entitled (but not required) to deliver the Escrow Fund, into the United States District Court for the Southern District of New York and, giving notice to GBI and Berliner of such action, shall thereupon be relieved of all further responsibility.

(g) GBI, on the one hand, and Berliner, on the other hand, jointly and severally, hereby agree to indemnify the Escrow Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence or bad faith on the part of the Escrow Agent, arising out of or in connection with its entering into and performing its duties under this Agreement, including the cost and expense of defending itself against any claim of liability.

(h) GBI and Berliner shall pay, in equal shares, the Escrow Agent for the services to be rendered by it hereunder and pay or reimburse, in

equal shares, the Escrow Agent upon request for all reasonable expenses, disbursements and advances, including reasonable attorneys' fees, incurred or made by it in connection with the performance of its duties hereunder; provided, however, that Berliner shall bear any expenses incurred by the Escrow Agent in connection with investing the Escrow Fund pursuant to paragraph 2 hereof.

(i) This Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not be bound by the provisions of any agreement among the parties hereto except this Agreement and shall have no duty to inquire into the terms and conditions of any agreement made or entered into in connection with this Agreement, including, without limitation, the Stock Purchase Agreement.

6. Binding Agreement; Governing Law. This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, successors, assigns and legal representatives, shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed therein and cannot be changed or terminated except by a writing signed by GBI, Berliner and the Escrow Agent.

7. Non-Exclusive Jurisdiction. Subject to paragraph 3(d), Berliner hereby consents to the non-exclusive jurisdiction of the New York courts sitting in the Borough of Manhattan and the United States District Court for the Southern District of New York with respect to any claim or controversy arising out of this Agreement. Service of process in any action or proceeding brought against Berliner in respect of any such claim or controversy may be made upon it by registered mail, postage prepaid, return receipt requested, at the address specified in paragraph 8.

8. Communications. All notices and other communications under this Agreement shall be in writing and shall be deemed given if given by hand or delivered by nationally recognized overnight carrier, or if given by telecopier and confirmed by mail (registered or certified mail, postage prepaid, return receipt requested), to the respective parties as follows:

(a) If to GBI, to it at:

1055 Stewart Avenue
Bethpage, New York 11714
Attention: President
Telecopier No.: 516-460-1050

with a copy to:

Graubard Mollen & Miller
600 Third Avenue
New York, New York 10016
Attention: David Alan Miller, Esq.
Telecopier No.: 212-818-8881

(b) If to Berliner, to it at:

_____
_____
_____
_____

with a copy to:

Milbank, Tweed, Hadley & McCloy
1 Chase Manhattan Plaza
New York, New York 10005-1413
Attention: Mark Weissler, Esq.
Telecopier No.: 212-530-5219

(c) If to the Escrow Agent, to it at:

Continental Stock Transfer & Trust Company
2 Broadway
New York, New York 10004
Attention: Steven G. Nelson
Telecopier No.: 212-509-5150

or to such other person or address as any of the parties hereto shall specify by notice in writing to all the other parties hereto.

9. Non-Delivery of Notices. If this Agreement requires a party to deliver any notice or other document, and such party refuses to do so, the matter shall be submitted to arbitration pursuant to paragraph 3(d) of this Agreement.

10. Information in Notices. All notices delivered to the Escrow Agent shall refer to the provision of this Agreement under which such notice is being delivered and shall clearly specify the aggregate dollar amount due and payable to GBI or Berliner.

11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument and all of which together shall constitute a single agreement.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement on the date first above written.

GBI CAPITAL MANAGEMENT CORP.

By:

Name: Richard Rosenstock
Title: President

BERLINER EFFEKTENGESELLSCHAFT AG

By:

Name:

Title:

ESCROW AGENT
CONTINENTAL STOCK TRANSFER
& TRUST COMPANY

By:

Name: Steven G. Nelson
Title: Chairman

Citigate Sard Verbinnen NEWS

FOR IMMEDIATE RELEASE.

Contacts
For New Valley:
George Sard/Anna Cordasco/Paul Caminiti
Citigate Sard Verbinnen
212/687-8080

For GBI Capital Management:
Richard Rosenstock
516/470-1101

NEW VALLEY TO ACQUIRE CONTROLLING INTEREST IN GBI CAPITAL MANAGEMENT

Transaction Pairs New Valley's Ladenburg Thalmann Corporate Finance, Research, and Asset Management Businesses with GBI's Retail Brokerage Operations

MIAMI, FL, February 9, 2001 - New Valley Corporation (NASDAQ: NVAL) and GBI Capital Management Corp. (AMEX:GBC) ("GBI"), today announced that they have entered into a definitive agreement under which New Valley will acquire a controlling interest in GBI and its operating subsidiary, GBI Capital Partners, a full-service securities and trading firm with over 400 retail brokers and fiscal 2000 revenue of $126 million. Upon completion of the transaction, New Valley will own approximately 50.1% of the outstanding shares of GBI, which will be renamed Ladenburg Thalmann Financial Services, Inc.

Under the terms of the agreement, New Valley, 80.1% owner of investment banking and brokerage business Ladenburg Thalmann & Co. Inc. ("Ladenburg"), and Berliner Effektengesellschaft AG ("Berliner"), 19.9% owner of Ladenburg, will sell all of their outstanding shares of Ladenburg to GBI for 18,181,818 shares of GBI common stock, $10,000,000 of cash and $10,000,000 principal amount of convertible notes. Upon closing, New Valley will acquire an additional 3,945,060 shares of GBI from a current shareholder.

Howard M. Lorber, President and Chief Operating Officer of New Valley, will become Chairman of Ladenburg Thalmann Financial Services. Victor M. Rivas, Chairman and Chief Executive Officer of Ladenburg, will retain his role and become President and CEO of Ladenburg Thalmann Financial Services. Richard J. Rosenstock, President and Chief Operating Officer of GBI, will become Vice Chairman and COO of Ladenburg Thalmann Financial Services and continue to oversee GBI Capital Partners.

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"We are extremely pleased to be teaming with GBI Capital Partners," stated Rivas. "This strategic move will give us the critical mass to reach more customers, improve our distribution capabilities, and we believe, fuel our top- and bottom-line growth. GBI's extensive retail brokerage business complements Ladenburg's strong corporate finance and research capabilities and will help build our leadership position as a market maker."

Ladenburg and GBI Capital Partners will be operated as two separate wholly-owned subsidiaries of Ladenburg Thalmann Financial Services. With an aggregate of approximately 500 brokers, the Company will have a broadened customer base and greater scale in trading and execution.

Commenting on the announcement, Rosenstock added, "This move supports GBI's strategy of growing its core business through an expanded broker base and greater order flow while focusing on offering a wider choice of markets for our customers."

Additionally, as part of the transaction, Dr. Phillip Frost, Chairman and CEO of IVAX Corporation, a member of the American Stock Exchange Board of Governors and a private investor, has agreed to purchase $10,000,000 of convertible notes in Ladenburg Thalmann Financial Services and to acquire 550,000 shares of GBI from current holders. Upon completion of the transaction, Dr. Frost will beneficially own approximately 14.9% of Ladenburg Thalmann Financial Services and will become a director of the Company.

The transaction, which is expected to close in May 2001, is subject to customary closing conditions, including regulatory approval and approval by GBI shareholders. Holders of a majority of the outstanding shares of GBI have committed to vote in favor of the transaction.

Ladenburg Thalmann Financial Services will continue to trade on the American Stock Exchange and intends to maintain offices in New York City and Bethpage, New York, and regional offices in Los Angeles, San Francisco, Fort Lauderdale, Boca Raton, Great Neck and Cleveland.

GBI Capital Management Corp.'s main operating subsidiary, GBI Capital Partners, is a full-service securities and trading firm providing personalized investment recommendations and service to individual and institutional investors. GBI Capital Partners is headquartered in Bethpage, NY and operates offices in New York City, Fort Lauderdale and San Francisco.

Founded in 1876 and a NYSE member since 1879, Ladenburg is a full service investment banking and brokerage firm based in New York, with regional offices in Los Angeles, Boca Raton, Great Neck and Cleveland. The

Research division's strategic focus is on the Cable, Media, Entertainment, Telecommunications and Retail sectors. Ladenburg's corporate finance department specializes in middle market companies and emerging growth businesses. The firm's retail brokerage division, Private Client Services, leverages the firm's research and asset management capabilities.

New Valley is principally engaged in the investment banking and brokerage business, through Ladenburg Thalmann & Co. Inc., and the real estate business in Russia, through BrookeMil Ltd. and Western Realty.

# # #

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. New Valley and GBI have tried, whenever possible, to identify these forward-looking statements using words such as "anticipates", "believes", "estimates", "expects", "plans", "intends" and similar expressions. These statements reflect New Valley's and GBI's current beliefs and are based upon information currently available to them. Accordingly, such forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause New Valley's and GBI's actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These risks, uncertainties and contingencies include those set forth in New Valley's Annual Report on Form 10-K for the year ended

December 31, 1999 and GBI's Annual Report on Form 10-K for the year ended September 30, 2000, and other factors detailed from time to time in their other filings with the Securities and Exchange Commission. Neither New Valley nor GBI undertakes any obligation to update or advise upon any such forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.