

**INFORMATIONAL BROCHURE FOR
CLIENTS AND PROSPECTIVE CLIENTS
OF
RAPAPORT CAPITAL MANAGEMENT, INC.
3628 WALNUT HILLS AVENUE, # 101
CLEVELAND, OH 44122-4484
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This Brochure provides information about the qualifications and business practices of Rapaport Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (216) 464-6969. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Rapaport Capital Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

March 2011

Item 2. Material Changes

Since we updated the prior disclosure document required by the Securities and Exchange Commission on December 31, 2010, there have been no material changes in our business.

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Item 4. Advisory Business

Rapaport Capital Management provides discretionary investment advisory services to individuals; pension and profit-sharing plans; trusts, estates and charitable organizations; and corporations and other business entities. We are owned and operated by Leonard Allen Rapaport since January 1991. Leonard has over 48 years of investment experience.

As of March 31, 2011 we manage approximately \$47,000,000 in discretionary assets and \$2,500,000 in non-discretionary assets. We have a total of 77 accounts. The \$49,500,000 in assets includes all the assets under management of the Family accounts of Leonard A. Rapaport.

As your fiduciaries, we tell you the material facts about our advisory relationship, beginning in this Brochure and the Brochure Supplement. As fiduciaries, we also seek to avoid conflicts of interest with you entirely, by remaining independent of other relationships which may compromise our resolve to act solely in your best interests. Where conflicts of interest do arise, we promptly inform affected clients and take reasonable steps to assure that our services to you remain independent and objective.

We offer continuous, personalized and objective management of investment portfolios on a discretionary basis. The portfolios are composed of common stock, warrants, bonds, commercial paper, mutual funds, certificates of deposit, U.S. government securities and municipal bonds. See also "Item 16. Investment Discretion."

Item 5. Fees and Compensation

We are compensated for our discretionary investment advisory services based on a percentage of assets under management, generally 0.25% of the first \$10 million of assets, payable quarterly in arrears. Fees on assets over \$10 million, and in other limited circumstances, are negotiable.

Fees are generally paid from your custodial account by your qualified custodian pursuant to your instructions, on a quarterly basis. You receive periodic statements reflecting our fees from both the qualified custodian and us.

Where appropriate, we invest client assets in mutual funds. Clients are charged a management fee for this service directly by us. An indirect management fee is charged by the mutual fund companies and is reflected in the Net Asset Value. Mutual fund fees go directly to the mutual fund.

We do not accept compensation for the sale of securities or other investment products, including service fees for the sale of mutual funds, so we do not have the typical conflicts of interest that advisors who do accept such compensation have, such as recommending investments based on their compensation rather than on your needs.

Generally, we purchase marketable securities which are valued at their last sales price on the New York Stock Exchange or the Nasdaq Stock Market.

Item 6. Performance-Based Fees and Side-by-Side Management

We do not manage client accounts in return for performance fees, so we also do not have the conflicts of interests which come from managing some accounts which do and some which do not earn performance fees (so-called “side-by-side management”).

Item 7. Types of Clients

See Item 4. Advisory Business. Generally, we suggest that the minimum size of an advisory account should be \$500,000, but we have no formal minimum account size.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

We develop an Investment Policy Statement with each client allocating assets across several asset classes, and we use fundamental analysis to select securities for the client’s portfolio.

Risk of Loss

Investing in securities involves varying degrees of risk of loss. After all, our goal in assisting you is, through asset allocation, to generate a higher long-term compound return at a lower risk level than could be accomplished with lesser diversification. We can help you understand the risks and minimize them, but we cannot eliminate them entirely.

Each asset class and each security within an asset class may have different degrees of risk.

Investments in Equity Securities

While equity securities may offer the potential for greater capital appreciation than investments in fixed income securities, equity securities also present greater risks. We do not purchase small-cap stocks; we purchase mostly large-cap stocks and a few mid-cap stocks.

Investments in Fixed-Income Securities

A portion of your account may be allocated to Investment Grade fixed income. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity indexed to foreign exchange rates or inflation. We do not purchase shares in foreign markets.

Portfolio Concentration Risk

Your account may have concentrated positions due to substantial appreciation in certain assets over the years and may be of greater risk of loss in a declining market.

Portfolio Turnover

Our investment policies may result in portfolio turnover. Investments may be sold for a variety of reasons, such as a more favorable investment opportunity or other circumstances bearing on the desirability of a continued position in such investments. Portfolio turnover involves correspondingly greater brokerage commissions which must be borne directly by you.

Investments in Thinly-Traded/Non-Marketable Securities -- NOT APPLICABLE

Changes in Investment Objectives and Strategies

We do not presently anticipate that the investment objectives and strategies employed by us on your behalf will vary significantly from those described herein. However, we would not vary investment objectives and strategies without notice to you.

Other Investment and Trading Risks

All investments risk the loss of capital. We believe that our investment program and research techniques moderate this risk to some degree through a careful selection of securities and other financial instruments. However, there is no guarantee that our investment program will be successful.

Item 9. Disciplinary Information

We have no legal or disciplinary events to disclose that are material to your evaluation of our advisory business or our managerial integrity.

Item 10. Other Financial Industry Activities and Affiliations

We have no relationship that is material to our advisory business or our clients with any "related person," which are financial institutions such as broker-dealers, investment companies or other pooled investment vehicles, other advisers, any bank, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor of limited partnerships.

We spend approximately none of our time actively engaged in a business other than giving investment advice.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics (the “Code”), which declares our fiduciary duties to advisory clients. The Code also requires our advisory personnel to periodically report their personal securities transactions and holdings to our Chief Compliance Officer, who reviews or supervises review of these reports for compliance with the Code. The Code also restricts access to material nonpublic information regarding the Advisor’s securities recommendations and client securities holdings and transactions, and requires pre-clearance by the Chief Compliance Officer before access persons may invest in either an initial public offering or a private placement of securities. The Code requires prompt internal reporting of perceived violations, and requires that appropriate records be kept of matters relating to compliance with the Code.

Upon request, a copy of the Code of Ethics will be provided at no charge. In addition, requests can be made to receive copies of the Proxy Voting and Privacy Policies at no charge.

We do not recommend to, or buy or sell to or from clients, securities in which we or any of our related persons have a material financial interest. We do buy or sell for ourselves securities that we also recommend to clients, and when we trade for ourselves, we make sure our clients come first in trade allocation, price and all aspects of our business. We may, however, initiate transactions with respect to securities for our accounts or for the accounts of other clients that are similar to transactions we initiate for your account, but at the same time or different times.

Item 12. Brokerage Practices

We have discretionary authority to determine the broker or dealer to be used to buy or sell securities for client accounts, and the commission rates to be paid. We have authority to buy or sell securities on your behalf. Where clients require using a specific broker, the firm negotiates commissions, but cannot guarantee either the same attractive commission rate or best execution.

Where we place orders for the execution of the portfolio transactions for our clients, we may allocate such transactions to brokers and dealers for execution on such markets, at such prices and at such commission rates as in our good faith judgment will be in the best interests of the client, taking into consideration in the selection of such brokers and dealers not only the available prices and rates of brokerage commission, but also other relevant factors (such as execution capabilities, research and other services provided by such brokers or dealers which are expected to enhance our general portfolio management capabilities), and the value of an ongoing relationship with such brokers and dealers without having to demonstrate that such factors are of a direct benefit to the client. We instruct each such broker and dealer to send duplicate confirmations of all transactions and monthly statements to both you and us.

We may pay with brokerage commission for the services permitted to be paid with commission dollars by Section 28(e) of the Securities Exchange Act of 1934. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage or research services provided by such broker, account transactions may not always be executed at the lowest available commission. Research services provided to us may include research reports on particular industries or companies, economic surveys or analyses, recommendations as to specific securities, Internet access software, training seminars and other services providing lawful and appropriate assistance to us in the performance of our research or trading-related responsibilities. Where a product or service obtained with commission dollars provides both research and non-research assistance to us, we make a good faith, fact-based analysis of how we use the product or service, and based on that analysis we make a reasonable allocation of the cost which may be paid with commission dollars. We have an inherent conflict of interest in making such allocations. Typically, research received by us from a broker-dealer will be used to service all of the accounts and funds managed by us. Nevertheless, we believe that such investment information provides us with benefits by supplementing the research otherwise available to us.

Item 13. Review of Accounts

Client accounts are reviewed weekly; however, reviews can be triggered by an important change in the status of any investment in the portfolio, new purchases or sale recommendations, changes in client objectives, and other similar development. The accounts are reviewed by Leonard Allen Rapaport. Regular reports of client assets are provided to clients quarterly by letter, phone call or personal presentation. We maintain records of all client portfolios and transactions.

Item 14. Client Referrals and Other Compensation

We do not pay money to or share fees with anyone in exchange for client referrals, and we do not receive compensation from other financial industry participants or otherwise in connection with the investment advisory and wealth management services we provide to our clients.

Item 15. Custody

We recommend that clients hold their assets in a custodian account at a bank. We do not have actual or "deemed" custody of client funds, bank accounts or securities. All funds, securities and other assets for which the company is acting as investment manager are held in a custodian account at a bank or broker. Securities held by banks are not their assets. They are kept separate and apart from their assets and do not appear on their balance sheet. Beneficial title to your accounts remain with you, and the securities are not available to satisfy the claims of the custodian's creditors. All payments in respect of investment transactions will be handled directly between the client and the respective custodian. WE ARE NOT AUTHORIZED TO HOLD, NOR

WILL WE HAVE ACCESS TO, ANY OF THE FUNDS, SECURITIES AND OTHER ASSETS FOR WHICH WE ARE ACTING AS INVESTMENT MANAGER.

In addition, you receive periodic statements from both the custodian and us. See also “Item 5. Fees and Compensation” and “Item 12. Brokerage Practices.”

Item 16. Investment Discretion

We offer continuous, personalized and objective management of investment portfolios on a discretionary basis. When we have investment discretion, we are authorized to invest and manage such funds, securities and other assets, subject to the terms of our advisory agreement, to determine what investments will be bought, sold, retained, exchanged or converted, and to direct without specific knowledge or consent the execution of investment transactions, which include their timing, frequency and method of execution. You will receive confirmation of all transactions directly from the brokerage firm and also verification on your bank statement. Investment decisions are only made in relation to individual client objectives and risk tolerance levels. Individual clients may, for example, restrict our discretion to invest in certain securities or types of securities. By signing our Client Agreement, you appoint us as your attorney in fact to buy or sell investments for your account.

Item 17. Voting Client Securities

As an adjunct to our investment decision-making process for client accounts as to which we exercise investment discretion, we are also responsible for (i) monitoring corporate developments at the companies in which such client is invested, and (ii) ensuring that all proxy materials which are timely received are voted in the client’s best interests. In determining the client’s best interest, unless we have been otherwise directed in writing by the client, we will apply our Proxy Voting Policy, as amended from time to time, with due regard for the client’s stated investment policies and objectives.

Our Proxy Voting Policy establishes general policies as to how our client’s proxies will be voted on various matters. In any instance in which we are known to have a potentially material conflict of interest which may affect how a proxy is voted, our Proxy Voting Policy requires that we use reasonable efforts to contact the client, explain all relevant facts and vote in accordance with the client’s informed consent. If we are unsuccessful in contacting the client on a timely basis, where a general voting approach is identified in our Proxy Voting Policy with respect to a matter upon which proxies are solicited, we will vote the client’s proxy in accordance with such general voting approach; and if there is no general voting approach identified in our Proxy Voting Policy with respect to a matter upon which proxies are solicited, we will take other reasonable steps to ensure that the proxy is voted in the client’s best interests, unaffected by the conflict of interest. Our Proxy Voting Policy provides that if we do not know of the existence of a potentially material conflict of interest, the manner in which

we vote such proxy shall be conclusively presumed to have been unaffected by any such conflict.

On request, we will provide such client with a copy of our Proxy Voting Policy as currently in effect. Also on request, each client is entitled to a copy of our record of proxy voting on such client's behalf.

Item 18. Financial Information

Because we do not require you to prepay our advisory fees, we are not generally required to publicly disclose financial information to you. We can assure you, however, that we are not subject to any financial condition that may materially impair our ability to meet our contractual commitments to you.

Item 19. Requirements for State-Registered Advisers

See "Item 10. Other Financial Industry Activities and Affiliations."

See "Item 4. Advisory Business."