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RAPID LINK INC  
Form SC 13G  
April 07, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13G  
(Rule 13d - 102)

Under the Securities Exchange Act of 1934

Amendment No.

RAPID LINK, INCORPORATED

-----  
(Name of Issuer)

Common Stock, par value \$0.001 per share

-----  
(Title of Class of Securities)

753400100

-----  
(CUSIP Number)

March 31, 2008

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule 13G is filed:

- Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

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

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

CUSIP No. 753400100  
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(1) Names of Reporting Persons. I.R.S. Identification Nos. of Above Persons

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(entities only):

Valens Offshore SPV II, Corp.  
26-0811267

(2) Check the Appropriate Box if a Member of a Group (See Instructions)  
(a) [ ]  
(b) [X]

(3) SEC Use Only

(4) Citizenship or Place of Organization: Delaware

|  |                               |            |
|--|-------------------------------|------------|
| Number of Shares Beneficially Owned<br>by Each Reporting Person With | (5) Sole Voting Power:        | 0*         |
|  | (6) Shared Voting Power:      | 5,625,000* |
|  | (7) Sole Dispositive Power:   | 0*         |
|  | (8) Shared Dispositive Power: | 5,625,000* |

(9) Aggregate Amount Beneficially Owned by Each Reporting Person: 5,625,000\*

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions): [ ]

(11) Percent of Class Represented by Amount in Row (9): 7.9%

(12) Type of Reporting Person (See Instructions): CO

\* Based on 65,149,522 shares of common stock, par value \$0.001 per share (the "Shares"), of Rapid Link, Incorporated, a Delaware corporation (the "Company"), outstanding as of March 13, 2008, as represented by the Company's Quarterly Report on Form 10-QSB for the quarterly period ended January 31, 2008. As of March 31, 2008, Valens Offshore SPV II, Corp. ("VOFF SPV II") held a common stock purchase warrant (the "Warrant") to acquire 5,625,000 Shares, at an exercise price of \$0.01 per Share, subject to certain adjustments. The Warrant contains an issuance limitation prohibiting VOFF SPV II from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by VOFF SPV II of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation under the Warrant may be waived by VOFF SPV II upon 61 days prior notice to the Company and shall automatically become null and void following notice to the Company of the occurrence and/or continuance of an event of default related to a certain secured, non-convertible term note of the Company held by VOFF SPV II (as defined in and pursuant to the terms of the applicable instrument). VOFF SPV II is managed by Valens Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital Management, LLC, and share sole voting and investment power over the securities owned by VOFF SPV II reported in this Schedule 13G.

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CUSIP No. 753400100

(1) Names of Reporting Persons. I.R.S. Identification Nos. of Above Persons (entities only):

Valens Capital Management LLC  
20-8903345

(2) Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [ ]  
(b) [X]

(3) SEC Use Only

(4) Citizenship or Place of Organization: Delaware

Number of Shares Beneficially Owned  
by Each Reporting Person With

(5) Sole Voting Power: 0\*

(6) Shared Voting Power: 5,625,000\*

(7) Sole Dispositive Power: 0\*

(8) Shared Dispositive Power: 5,625,000\*

(9) Aggregate Amount Beneficially Owned by Each Reporting Person: 5,625,000

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions): [ ]

(11) Percent of Class Represented by Amount in Row (9): 7.9%

(12) Type of Reporting Person (See Instructions): 00

\* Based on 65,149,522 shares of common stock, par value \$0.001 per share (the "Shares"), of Rapid Link, Incorporated, a Delaware corporation (the "Company"), outstanding as of March 13, 2008, as represented by the Company's Quarterly Report on Form 10-QSB for the quarterly period ended January 31, 2008. As of March 31, 2008, Valens Offshore SPV II, Corp. ("VOFF SPV II") held a common stock purchase warrant (the "Warrant") to acquire 5,625,000 Shares, at an exercise price of \$0.01 per Share, subject to certain adjustments. The Warrant contains an issuance limitation prohibiting VOFF SPV II from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by VOFF SPV II of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation under the Warrant may be waived by VOFF SPV II upon 61 days prior notice to the Company and shall automatically become null and void following notice to the Company of the occurrence and/or continuance of an event of default related to a certain secured, non-convertible term note of the Company held by VOFF SPV II (as defined in and pursuant to the terms of the applicable instrument). VOFF SPV II is managed by Valens Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital

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Management, LLC, and share sole voting and investment power over the securities owned by VOFF SPV II reported in this Schedule 13G.

CUSIP No. 753400100

(1) Names of Reporting Persons. I.R.S. Identification Nos. of Above Persons (entities only):

David Grin

(2) Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

(3) SEC Use Only

(4) Citizenship or Place of Organization: Israel

Number of Shares Beneficially Owned

by Each Reporting Person With

(5) Sole Voting Power: 0\*

(6) Shared Voting Power: 5,625,000\*

(7) Sole Dispositive Power: 0\*

(8) Shared Dispositive Power: 5,625,000\*

(9) Aggregate Amount Beneficially Owned by Each Reporting Person: 5,625,000

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions):

(11) Percent of Class Represented by Amount in Row (9): 7.9%

(12) Type of Reporting Person (See Instructions): IN

\* Based on 65,149,522 shares of common stock, par value \$0.001 per share (the "Shares"), of Rapid Link, Incorporated, a Delaware corporation (the "Company"), outstanding as of March 13, 2008, as represented by the Company's Quarterly Report on Form 10-QSB for the quarterly period ended January 31, 2008. As of March 31, 2008, Valens Offshore SPV II, Corp. ("VOFF SPV II") held a common stock purchase warrant (the "Warrant") to acquire 5,625,000 Shares, at an exercise price of \$0.01 per Share, subject to certain adjustments. The Warrant contains an issuance limitation prohibiting VOFF SPV II from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by VOFF SPV II of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation under the Warrant may be waived by VOFF SPV II upon 61 days prior notice to the Company and shall automatically become null and void following notice to the Company of

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the occurrence and/or continuance of an event of default related to a certain secured, non-convertible term note of the Company held by VOFF SPV II (as defined in and pursuant to the terms of the applicable instrument). VOFF SPV II is managed by Valens Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital Management, LLC, and share sole voting and investment power over the securities owned by VOFF SPV II reported in this Schedule 13G.

CUSIP No. 753400100

(1) Names of Reporting Persons. I.R.S. Identification Nos. of Above Persons (entities only):

Eugene Grin

(2) Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [ ]  
(b) [X]

(3) SEC Use Only

(4) Citizenship or Place of Organization: United States

Number of Shares Beneficially Owned  
by Each Reporting Person With

|                               |            |
|-------------------------------|------------|
| (5) Sole Voting Power:        | 0*         |
| (6) Shared Voting Power:      | 5,625,000* |
| (7) Sole Dispositive Power:   | 0*         |
| (8) Shared Dispositive Power: | 5,625,000* |

(9) Aggregate Amount Beneficially Owned by Each Reporting Person: 5,625,000

(10) Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions): [ ]

(11) Percent of Class Represented by Amount in Row (9): 7.9%

(12) Type of Reporting Person (See Instructions): IN

\* Based on 65,149,522 shares of common stock, par value \$0.001 per share (the "Shares"), of Rapid Link, Incorporated, a Delaware corporation (the "Company"), outstanding as of March 13, 2008, as represented by the Company's Quarterly Report on Form 10-QSB for the quarterly period ended January 31, 2008. As of March 31, 2008, Valens Offshore SPV II, Corp. ("VOFF SPV II") held a common stock purchase warrant (the "Warrant") to acquire 5,625,000 Shares, at an exercise price of \$0.01 per Share, subject to certain adjustments. The Warrant contains an issuance limitation prohibiting VOFF SPV II from exercising or

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converting those securities to the extent that such exercise would result in beneficial ownership by VOFF SPV II of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation under the Warrant may be waived by VOFF SPV II upon 61 days prior notice to the Company and shall automatically become null and void following notice to the Company of the occurrence and/or continuance of an event of default related to a certain secured, non-convertible term note of the Company held by VOFF SPV II (as defined in and pursuant to the terms of the applicable instrument). VOFF SPV II is managed by Valens Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital Management, LLC, and share sole voting and investment power over the securities owned by VOFF SPV II reported in this Schedule 13G.

Item 1(a). Name of Issuer: Rapid Link, Incorporated

Item 1(b). Address of Issuer's Principal Executive Offices:  
5408 North 99th Street, Omaha, Nebraska 68134

Item 2(a). Name of Person Filing:

Valens Capital Management, LLC

This Schedule 13G is also filed on behalf of Valens Offshore SPV II, Corp., a Delaware corporation, Eugene Grin and David Grin. Valens Capital Management, LLC manages Valens Offshore SPV II, Corp. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital Management, LLC, and share sole voting and investment power over the securities owned by Valens Offshore SPV II, Corp. reported in this Schedule 13G. Information related to each of Valens Offshore SPV II, Corp., Eugene Grin and David Grin is set forth on Appendix A hereto.

Item 2(b). Address of Principal Business Office or, if None, Residence:  
c/o Valens Capital Management, LLC, 335 Madison Avenue, 10th Floor,  
New York, New York 10017

Item 2(c). Citizenship: Delaware

Item 2(d). Title of Class of Securities: Common Stock

Item 2(e). CUSIP No.: 753400100

Item 3. If This Statement Is Filed Pursuant to Sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the Person Filing is a:

Not Applicable

Item 4. Ownership:

(a) Amount Beneficially Owned: 5,625,000\*

(b) Percent of Class: 7.9%\*

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(c) Number of Shares as to which the person has:

|  |            |
|--|------------|
| (i) sole power to vote or to direct the vote                 | 0*         |
| (ii) shared power to vote or to direct the vote              | 5,625,000* |
| (iii) sole power to dispose or to direct the disposition of  | 0*         |
| (iv) shared power to dispose or to direct the disposition of | 5,625,000* |

Item 5. Ownership of Five Percent or Less of a Class:

Not Applicable.

Item 6. Ownership of More Than Five Percent on Behalf of Another Person:

Not Applicable.

Item 7. Identification and Classification of Subsidiary Which Acquired the Securities:

Not Applicable.

Item 8. Identification and Classification of Members of the Group:

Not Applicable.

Item 9. Notice of Dissolution of Group:

Not Applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

-----  
\* Based on 65,149,522 shares of common stock, par value \$0.001 per share (the "Shares"), of Rapid Link, Incorporated, a Delaware corporation (the "Company"), outstanding as of March 13, 2008, as represented by the Company's Quarterly Report on Form 10-QSB for the quarterly period ended January 31, 2008. As of March 31, 2008, Valens Offshore SPV II, Corp. ("VOFF SPV II") held a common stock purchase warrant (the "Warrant") to acquire 5,625,000 Shares, at an exercise price of \$0.01 per Share, subject to certain adjustments. The Warrant

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contains an issuance limitation prohibiting VOFF SPV II from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by VOFF SPV II of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation under the Warrant may be waived by VOFF SPV II upon 61 days prior notice to the Company and shall automatically become null and void following notice to the Company of the occurrence and/or continuance of an event of default related to a certain secured, non-convertible term note of the Company held by VOFF SPV II (as defined in and pursuant to the terms of the applicable instrument). VOFF SPV II is managed by Valens Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Valens Capital Management, LLC, and share sole voting and investment power over the securities owned by VOFF SPV II reported in this Schedule 13G.

SIGNATURE

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After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

April 7, 2008

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Date

VALENS CAPITAL MANAGEMENT, LLC

By: /s/ David Grin

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David Grin

Authorized Signatory

Attention: Intentional misstatements or omissions of fact constitute  
Federal criminal violations (See 18 U.S.C. 1001)

APPENDIX A

A. Name: Valens Offshore SPV II, Corp., a Delaware Corporation  
Address: 335 Madison Avenue, 10th Floor  
New York, New York 10017  
Place of  
Organization: Delaware



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B. Name: Valens Capital Management, LLC, a Delaware limited liability company

Business Address: 335 Madison Avenue, 10th Floor  
New York, New York 10017

Place of Organization: Delaware

C. Name: Eugene Grin

Business Address: 335 Madison Avenue, 10th Floor  
New York, New York 10017

Principal Occupation: Director of Laurus Master Fund, Ltd.  
Principal of Laurus Capital Management, LLC

Citizenship: United States

D. Name: David Grin

Business Address: 335 Madison Avenue, 10th Floor  
New York, New York 10017

Principal Occupation: Director of Laurus Master Fund, Ltd.  
Principal of Laurus Capital Management, LLC

Citizenship: Israel

Each of Valens Offshore SPV II, Corp., Eugene Grin and David Grin hereby agrees, by their execution below, that the Schedule 13G to which this Appendix A is attached is filed on behalf of each of them, respectively.

Valens Offshore SPV II, Corp.

By: Valens Capital Management, LLC  
As investment manager

/s/ David Grin

-----  
David Grin  
Authorized Signatory  
April 7, 2008

/s/ David Grin

-----

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David Grin, on his individual behalf  
April 7, 2008

/s/ Eugene Grin

-----  
Eugene Grin, on his individual behalf  
April 7, 2008