

SPOT MOBILE INTERNATIONAL LTD.

Form S-1

June 07, 2011

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As filed with the Securities and Exchange Commission on June 7, 2011

Registration Statement No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SPOT MOBILE INTERNATIONAL LTD.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

4813
(Primary Standard Industrial

72-2461665
(I.R.S. Employer

CALCULATION OF REGISTRATION FEE

Title of Each Class Of	Amount To Be	Proposed	Proposed	Amount of
		Maximum Offering Price	Maximum Aggregate	
Securities To Be Registered	Registered(1)	Per Share(2)	Offering Price(2)	Registration Fee (2)
Common Stock, par value \$0.001	5,100,000	\$0.15	\$765,000	\$88.82
Warrants to purchase Common Stock, par value \$0.001	5,520,000	\$0.75	\$4,140,000	\$480.65

- (1) In accordance with Rule 416 under the Securities Act of 1933, as amended (the Securities Act), this registration statement also shall register and be deemed to cover any additional shares of common stock of the Registrant which may be offered or become issuable to prevent dilution resulting from stock splits, stock dividends, or similar transactions.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) promulgated under the Securities Act based upon the average of the bid and asked prices of the Registrant s common stock reported on the OTCQB Market on June 6, 2011 of \$0.15 per share.

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The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted or legal.

Subject to completion, dated June 7, 2011

SPOT MOBILE INTERNATIONAL LTD.

10,620,000 Shares of Common Stock

The persons listed in this prospectus under **Selling Stockholders** may offer and sell from time to time up to an aggregate of 10,620,000 shares of our common stock, \$0.001 par value, including 5,520,000 shares of common stock underlying currently exercisable warrants, that they have acquired from us.

The selling stockholders will receive all of the net proceeds from the sale of common stock offered hereby. We will not receive any proceeds from the sale of these shares by the selling stockholders, but we will bear certain of the costs and expenses of registering the common stock offered by the selling stockholders. Selling costs, brokers fees and applicable transfer taxes are payable by the selling stockholders. We may receive proceeds from the exercise of the warrants whose underlying shares of common stock are covered by this prospectus.

The selling stockholders will determine where they may sell the shares in all cases, including, in the over-the-counter market or otherwise, at market prices prevailing at the time of sale, at prices related to the prevailing market prices, or at negotiated prices. For information regarding the selling stockholders and the times and manner in which they may offer or sell shares of our common stock, see **Selling Stockholders** or **Plan of Distribution**.

Our common stock is listed on the OTCQB Market under the stock symbol **RPID.PK** .

Investing in our common stock involves certain risks. You should carefully consider the Risk Factors beginning on page 3 of this prospectus before you decide whether to invest in shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June __, 2011

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using a shelf registration process. This means the securities described in this prospectus may be offered and sold in one or more offerings using this prospectus from time to time as described in the Plan of Distribution.

You should carefully read this prospectus and the information described under the heading Where You Can Find More Information. We have not authorized any other person to provide you with information different from that contained in this prospectus. The information contained in this prospectus is complete and accurate only as of the date on the front cover page of this prospectus, regardless of the time of delivery of this prospectus or sale of any common stock. This prospectus is not an offer to sell, nor is it an offer to buy, our common stock in any jurisdiction in which the offer and sale is not permitted.

A NOTE ABOUT FORWARD LOOKING STATEMENTS

This prospectus and the documents incorporated by reference into it contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, such as statements relating to our financial condition, results of operations, plans, objectives, prospects, future performance or expectations, and business operations. These statements relate to expectations concerning matters that are not historical fact. Accordingly, statements that are based on management's projections, estimates, assumptions, and judgments are forward-looking statements. These forward-looking statements are typically identified by words or phrases such as believes, expects, anticipates, plans, estimates, approximately, intend, and other similar words and phrases, or future or conditional verbs such as will, should, would, could, and may. These forward-looking statements are based largely on our current expectations, assumptions, estimates, judgments, and projections about our business and our industry, and they involve inherent risks and uncertainties. Although we believe our expectations are based on reasonable assumptions, judgments, and estimates, such forward-looking statements involve known and unknown risks, uncertainties, contingencies, and other factors (many of which are outside our control) that could cause our or our industry's actual results, level of activity, performance or achievement to differ materially from those discussed in or implied by any forward-looking statements made by or on behalf of Spot Mobile International Ltd., and could cause our financial condition, results of operations, or cash flows to be materially adversely affected. Accordingly, there is no assurance that our expectations will in fact occur or that our estimates or assumptions will be correct, and we caution investors and all others not to place undue reliance on such forward-looking statements. In evaluating these statements, some of the factors that you should consider include those described under Risk Factors and elsewhere in the prospectus or incorporated herein by reference. All written or oral forward-looking statements that are made or attributable to us are expressly qualified in their entirety by this cautionary notice. Such forward-looking statements speak only as to the date that such statements are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

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PROSPECTUS SUMMARY

This summary highlights some of the information contained elsewhere in this prospectus or incorporated by reference in this prospectus. It is not complete and does not contain all of the information that you should consider before investing in our common stock. You should carefully read this entire prospectus, including the information set forth under Risk Factors, as well as the information incorporated by reference, before you decide to invest in our common stock.

In this prospectus, the Company, Spot Mobile International, we, us and our refer to Spot Mobile International Ltd. and its subsidiaries.

THE COMPANY

Generally

Spot Mobile International Ltd., a Delaware corporation formerly known as Rapid Link, Incorporated, is a telecommunications services company which, through its wholly-owned subsidiaries, provides prepaid telecommunication and transaction based point of sale activation solutions through over 370 independent retailers in the Eastern United States. Our operations are conducted primarily through our wholly-owned subsidiaries: Mr. Prepaid, Inc., a Florida corporation (Mr. Prepaid) and Spot Mobile Corp., a Florida corporation (Spot Mobile Corp.). Mr. Prepaid operates as a retail point of sale distributor of prepaid wireless airtime. Spot Mobile Corp. is a prepaid wireless Mobile Virtual Network Operator (MVNO). We distribute and sell prepaid wireless handsets and SIM cards, offering talk, text and data services for wireless subscribers. Our MVNO operates on the Global System for Mobile Communications (GSM) platform service and can offer wireless service on the AT&T and T-Mobile networks.

Our principal executive offices are located at 4950 Yonge Street, Suite 900, North York, Ontario M2N 6K1. The telephone number is (416) 229-9333.

Our Business

Our current operations are conducted exclusively through our wholly-owned subsidiaries, Mr. Prepaid and Spot Mobile Corp. and we have no other business operations. Mr. Prepaid is a regional provider of Point-of-Sale Activation (POSA) services and operates as a reseller and distributor of prepaid wireless airtime through POSA terminals. Spot Mobile Corp. is a prepaid wireless MVNO. We distribute and sell prepaid wireless handsets and SIM cards, offering talk, text and data services for wireless subscribers.

Our core objective is to expand both our product base with the offering of our proprietary Spot Mobile prepaid cellular product and the market for our products.

We plan to achieve our goal by pursuing both acquisition and organic expansion opportunities in selected markets to gain access to products and services that enhance our offerings, add talent, gain customer recognition in key markets, and improve operational efficiency.

Our Products and Services

We currently offer comprehensive talk and text services, direct dial international access as well as voicemail, caller ID, call waiting, call forwarding and 3-Way calling. Our services are prepaid and we do not enter into contracts with our subscribers. Customers can establish service by purchasing a Spot Mobile Corp. handset or a Spot Mobile Corp. Activation Kit. Spot Mobile Corp. sells service through Master Agents, sub-agents, and dealers. We distribute handsets, activations kits (SIM cards included) and point of sale materials into these distribution channels.

We sell and distribute phone handsets and SIM cards branded under the name Spot Mobile. Our phone handsets and SIM cards operate on the GSM platform. Our phones only accept our prepaid SIM cards, while our SIM cards can be utilized with all GSM enabled phones.

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Our Corporate Information

Our principal executive offices are located at 4950 Yonge Street, Suite 900, North York, Ontario M2N 6K1. Our subsidiaries operate from offices located at 300 - 71st Street, Miami Beach, Florida 33141. In addition, our subsidiaries operate their technology assets at a data center facility located at 50 NE 9th Street, Miami, Florida.

Our website is www.spotmobile.com. The contents of our website are not part of this prospectus. We have included our website address only as an inactive textual reference and do not intend it to be considered an active link to our website. Accordingly, information contained on our website is for informational purposes and is not incorporated by reference into this registration statement, and you should not consider information contained on our website as part of this registration statement.

The Offering

Common stock offered by the selling stockholders 10,620,000 shares, includes 5,520,000 shares of common stock underlying currently exercisable warrants

Common stock to be outstanding after this offering 34,774,084 shares

Use of proceeds We will not receive any proceeds from the sale of shares by the selling stockholders. We may receive proceeds from the exercise of the warrants whose underlying shares of common stock are covered by this prospectus. See Use of Proceeds.

Risk factors You should read the Risk Factors section of this prospectus for a discussion of factors that you should consider carefully before deciding to invest in shares of our common stock.

The number of shares of our common stock to be outstanding following this offering is based on 29,254,084 shares of our common stock outstanding as of May 31, 2011, and includes 5,520,000 shares of common stock issuable upon exercise of the Investor Warrants described in this prospectus, and excludes:

2,233,761 shares of common stock issuable upon exercise of warrants outstanding as of May 31, 2011 with a weighted average exercise price of \$2.67 per share; and

133,000 shares of common stock reserved for future issuance under our 2002 Stock Option Plan.

RISK FACTORS

You should carefully review and consider the risks described below, as well as other information contained in or incorporated by reference into this prospectus, before making a decision to purchase shares of our common stock. If any of the risks described below should occur, our business, prospects, financial condition, cash flows, liquidity, results of operations, funds from operations, and our ability to make cash distributions to our stockholders could be materially and adversely affected. In that case, the trading price of our common stock could decline and you may lose some or all of your investment in our common stock. The following risks and uncertainties described below are not the only ones facing us that may have a material adverse effect on us. Additional risks and uncertainties that we currently are unaware of, or that we currently deem to be immaterial, also may become important factors that adversely impact us and your investment in our common stock. In any case, the value of our common stock could decline, and you could lose all or a portion of your investment. Further, the extent any of the information contained in this prospectus constitutes forward-looking information, the risk factors set forth below are cautionary statements identifying important factors that could cause our actual results for various financial reporting periods to differ materially from those expressed in any forward-looking statements made by or on behalf of us.

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Risks Related To Our Business and Industry

We have incurred substantial losses in the past and may continue to incur additional losses in the future.

The Company incurred a net loss of \$(3,560,414) for the fiscal year ended October 31, 2010 as compared to a net loss of \$(712,601) for the prior fiscal year. The Company had, at October 31, 2010, an accumulated deficit of \$(6,563,290). The Company may incur additional losses as it attempts to develop and expand its operations and to market and sell its products. No assurance can be given that the Company will achieve or sustain profitability. As a result of the Company's limited operating history and the nature of the market in which it competes, it is difficult for the Company to forecast revenues or earnings accurately. No assurance can be given that the Company will be successful in accomplishing its goals or that it will generate sufficient revenue to become profitable or to sustain profitability.

Our independent auditors have included a going concern paragraph in their audit opinion on our consolidated financial statements for the year ended October 31, 2010. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

We may not be able to secure financing needed for future operating needs on acceptable terms, or on any terms at all.

From time to time, we may seek additional financing to provide the capital required to maintain or expand our operations and to meet our obligations to our senior debt holders, if cash flow from operations is insufficient to do so. We may be unable to meet our obligations to our senior debt holders as they mature. We cannot predict with certainty the timing or amount of any such capital requirements. If such financing is not available on satisfactory terms, we may be unable to maintain or expand our business or to develop new business at the rate desired, and our operating results may suffer. If we are able to incur debt, we may be subject to certain restrictions imposed by the terms of the debt and the repayment of such debt may limit our cash flow and our ability to grow. If we are unable to incur debt, we may be forced to issue additional equity, which could have a dilutive effect of the then current holders of equity.

We may have difficulty managing any future growth.

To implement the Company's business objectives, it may need to grow rapidly in the future and the Company expects that such growth would lead to increased responsibility for both existing and new management personnel. To help manage future growth effectively the Company must maintain and enhance its financial and accounting systems and controls, hire and integrate new personnel and manage expanded operations. The growth in business, headcount and relationships with customers and other third parties is expected to place a significant strain on the Company's management systems and resources. The Company will need to continue to improve its operational, managerial and financial controls, reporting systems and procedures, and will need to continue to expand, train and manage its work force. The Company's failure to manage its future growth successfully would have a material adverse effect on the quality of its products and technology, its ability to retain customers and key personnel and its operating results and financial condition.

We may not be successful in developing a market for our products.

Our business operations and financial performance depends on our ability to develop distribution channels for our products. We expect the majority of our products will be distributed through master agents with whom we negotiate sales commissions. The competition for distribution channels is intense and is based primarily upon quality of product, availability of sufficient product and sales commissions. There can be no assurance that we will be successful in developing sufficient distribution channels.

Our financial performance may be harmed if unfavorable economic conditions adversely affect consumer spending.

The success of our operations depends to a significant extent upon a number of factors relating to discretionary consumer spending, including economic conditions affecting disposable consumer income such as employment, business conditions, taxation and interest rates. Other events that adversely affect the economy diminish the willingness of consumers to purchase nonessential items, such as our products. There can be no assurance that consumer spending will not be affected by adverse economic conditions, thereby adversely affecting our business, financial condition and results of operations.

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We face competition from many other types of companies for customers.

The markets for our products and services are highly competitive, and the recent growth in these markets has encouraged the entry of many new competitors as well as increased competition from established companies. There are no significant barriers to entry in the industry in which we operate. We have significant competitors and may face increased competition from new entrants or existing competitors who focus on market segments currently served by us. These competitors include large and small retailers, wholesalers, and international competitors. Many of these competitors are larger and have significantly greater financial, marketing and other resources than we do. There can be no assurance that we will be able to maintain or increase our market share in the future. Any failure of our business to compete successfully would materially and adversely affect our financial condition and results of operations.

We may not be able to respond in a timely and cost effective manner to changes in consumer preferences.

The products and services that our businesses offer are subject to changing consumer preferences. A shift in consumer preferences away from the products and services we offer could have a material adverse effect on our business, financial condition and results of operations. Our future success depends in part on our ability to anticipate and respond to changes in consumer preferences and there can be no assurance that we will respond in a timely or effective manner. Failure to anticipate and respond to changing consumer preferences could lead to, among other things, lower sales of our products and services, significant markdowns or write-offs of inventory, increased product returns and lower margins, which would have a material adverse effect on our business, financial condition and results of operations.

Our business would be harmed if our third party manufacturers and service providers are unable to deliver products or provide services in a timely and cost effective manner.

Our mobile telephone products are manufactured by other companies, primarily in the Far East. If our suppliers are unable, either temporarily or permanently, to deliver products in a timely and cost effective manner, it could have an adverse impact on our business, financial condition and results of operations. It is critical that our product manufacturers produce high-quality, reasonably priced products in a timely fashion. However, because our primary product manufacturers are foreign companies which require longer lead times for products, any delay in production or delivery would adversely affect sales of the product and our business, financial condition and results of operations.

We are dependent upon our MNO to provide access to the AT&T and T-Mobile cellular networks and services for billing and maintaining customer balances. We are also dependent upon our own network to provide switching, routing, billing, payment systems, fraud monitoring and customer service. Any interruption or failure in either of the MNO network or our own network for any reason could adversely affect our financial condition or results of operations.

We are heavily dependent on our regional cellular access carrier.

We have an arrangement with a regional cellular access carrier for our pre-paid platform pursuant to a services agreement. Any termination of this agreement or any failure of our regional cellular access carrier to properly perform under the agreement could reduce the availability of certain of the products that we offer and may result in delays and additional expense as we attempt to replace this supplier. Any adverse affect on our ability to maintain continuity of supply of our products at reasonable costs would have a material adverse effect on our results of operations, business and prospects.

Our financial performance would be harmed if we suffer disruptions in our ability to fulfill orders.

Our ability to provide effective customer service, efficiently fulfill orders and distribute our products depends, to a large degree, on the efficient and uninterrupted operation of the manufacturing and related distribution centers, and management information systems run by third parties and on the timely performance of other third parties such as shipping companies and the United States Postal Service. Any material disruption or slowdown in our manufacturing, order processing or fulfillment systems resulting from strikes or labor disputes, telephone down times, electrical outages, mechanical problems, human error or accidents, fire, natural disasters, adverse weather conditions or comparable events could cause delays in our ability to receive and distribute orders and may cause orders to be lost or to be shipped or delivered late. As a result, customers may cancel orders or refuse to receive goods on account of late shipments that would result in a reduction of net sales and could mean increased administrative and shipping costs. Our success depends in part on our maintaining high quality customer service and any failure to do so could adversely affect our business, financial condition or results of operations.

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We may experience merchandise returns or warranty claims in excess of our expectations.

We make allowances in our financial statements for anticipated merchandise returns and warranty claims based on historical return rates. There can be no assurance that actual merchandise returns and warranty claims will not exceed our allowances. In addition, because our allowances are based on historical return rates, there can be no assurance that the introduction of new merchandise, changes in the merchandise mix or other factors will not cause actual returns to exceed return allowances. Any significant increase in merchandise returns and warranty claims, or merchandise returns and warranty claims that exceed our allowances, could adversely affect our business, financial condition and results of operations.

We may be subject to product liability claims.

The Company's operations could be impacted by the both genuine and fictitious claims regarding the Company's products. The Company could also suffer losses from a significant product liability judgment against it. A significant product liability judgment could also result in a loss of consumer confidence in the Company's products and an actual or perceived loss of value of the Company's brand, materially impacting consumer demand. Although the Company intends to carry product liability insurance, the amount of liability from product liability claims may exceed the amount of any insurance proceeds received by the Company.

Our business may be materially adversely impacted by U.S. and global market and economic conditions, particularly adverse conditions in the telecommunications industry.

For the foreseeable future, we expect to continue to derive most of our revenue from products and services we provide to the telecommunications industry. Given the concentration of our business activities in financial industries, we may be particularly exposed to economic downturns in this industry. U.S. and global market and economic conditions have been, and continue to be, disrupted and volatile, and in recent months the volatility has reached unprecedented levels. General business and economic conditions that could affect us and our customers include fluctuations in debt and equity capital markets, liquidity of the global financial markets, the availability and cost of credit, investor and consumer confidence, the exchange rate between the U.S. dollar and foreign currencies, and the strength of the economies in which our customers operate. A poor economic environment could result in significant decreases in demand for our products and services, including the delay or cancellation of current or anticipated projects, or could present difficulties in collecting accounts receivables from our customers due to their deteriorating financial condition. Our existing customers may be acquired by or merged into other institutions that use our competitors or decide to terminate their relationships with us for other reasons. As a result, our sales could decline if an existing customer is merged with or acquired by another company or closed. All of these conditions could adversely affect our operating results and financial position.

We depend on the continued services of our senior management and our ability to attract and retain other key personnel.

Our success depends to a significant extent upon the continued service of our senior management, including Charles Zwebner, our Chairman and Chief Executive Officer, and Jeffrey Kapner, President of our subsidiary, Spot Mobile Corp. Since becoming Chief Executive Officer of the Company in 1999, Mr. Zwebner's strategic direction for the Company and implementation of such direction has proven instrumental in our growth. Except for Mr. Kapner, none of our executive officers have any written employment agreements with the Company and we do not carry key man life insurance on any of their lives. The loss of services from any of such key personnel could have a material adverse effect on our business or results of operations.

Furthermore, our continued growth strategy depends on the ability to identify, recruit and retain key management personnel. If we are not able to attract and retain key skilled personnel, our business will be harmed. Competition for personnel in our industry is intense. The competition for such employees is intense, and there can be no assurance we will be successful in such efforts. We are also dependent on our ability to continue to attract, retain and motivate production, distribution, sales, communications and other personnel. Competition for these personnel in our industry is also intense.

Risks Relating to Regulation and Litigation

Changes in the regulatory framework under which we operate could adversely affect our business prospects or results of operations.

Our domestic operations are subject to regulation by the FCC and other federal, state and local agencies, and our international operations are regulated by various foreign governments and international bodies. These regulatory regimes frequently restrict our ability to operate in or provide specified products or services in designated areas, require that we maintain licenses for our operations

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and conduct our operations in accordance with prescribed standards. We are frequently involved in regulatory proceedings related to the application of these requirements. It is impossible to predict with any certainty the outcome of pending federal and state regulatory proceedings relating to our provision of retail or wholesale services, or the reviews by federal or state courts of regulatory rulings. Unless we are able to obtain appropriate relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services.

Similarly, we cannot guarantee that we will be successful at obtaining the licenses, if required, to carry out our business strategy or in maintaining our existing licenses. The loss of, or a material limitation on, certain of our licenses could have a material adverse effect on our wireless business, results of operations and financial condition.

The adoption of new laws or regulations or changes to the existing regulatory framework at the federal or state level could also adversely affect our business plans.

Unforeseen new regulations could restrict the ways in which we can manage our wire line and wireless networks, impose additional costs, impair revenue opportunities, and potentially impede our ability to provide services in a manner that would be attractive to us and our customers. If new rules are adopted that limit our flexibility in managing our networks and delivering services, these rules could have a significant adverse effect on our business, restrict our ability to compete in the marketplace and limit the return we can expect to achieve on past and future investments in our networks.

We may become subject to legal proceedings and claims.

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, including claims of alleged infringement of trademarks and other intellectual property of third parties by the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources. We are currently subject to a California state judgment obtained by Coastline Capital in the approximate amount of \$435,000. This judgment arose from an arbitration claim related to the payment of a broker's fee in connection with certain debenture transactions. Coastline Capital has filed a petition in the Circuit Court of the Eleventh Judicial District, Miami-Dade County, State of Florida for the enforcement and execution in Florida of its California state court judgment. We are in settlement negotiations with respect to this matter; however, there can be no assurance that a settlement can be reached.

Risks Related To Ownership of Our Common Stock

There is a limited trading market for our common stock.

There is a limited trading market for our common stock. There can be no assurances that an established trading market will develop for our common stock in the future. Such a market, if it does develop for our common stock, could be subject to extreme price and volume fluctuations. In the absence of an active trading market:

investors may have difficulty buying and selling or obtaining market quotations;

market visibility for our common stock may be limited; and

a lack of visibility for our common stock may have a depressive effect on the market price for our common stock.

The OTCQB marketplace is an over-the-counter market that provides significantly less liquidity than other established exchanges or Nasdaq.

Our shares of common stock are quoted on the OTCQB market which provides less liquidity than other established markets or exchanges. The sale of shares could have a depressing effect on the market price if a market develops. Sales of substantial amounts of our common stock, or the perception that such sales might occur, could adversely affect prevailing market prices of our common stock.

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Our common stock is considered to be a penny stock and, as such, the market for our common stock may be further limited by certain SEC rules applicable to penny stocks.

To the extent the price of our common stock remains below \$5.00 per share or we have a net tangible assets of \$2,000,000 (\$5,000,000 if we are deemed to be in continuous business for less than three years) or less, our common shares will be subject to certain penny stock rules promulgated by the SEC. Those rules impose certain sales practice requirements on brokers who sell penny stock to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000). For transactions covered by the penny stock rules, the broker must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to the sale. Furthermore, the penny stock rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices and disclosure of the compensation to the brokerage firm and disclosure of the sales person. These rules and regulations adversely affect the ability of brokers to sell our common shares and limit the liquidity of our securities.

Quarterly and annual operating results may fluctuate, which could cause our stock price to be volatile.

Our quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors that could affect our revenues or our expenses in any particular period. You should not rely on our results of operations during any particular period as an indication of our results for any other period. Factors that may adversely affect our periodic results may include demand for our products and services, our ability to quickly respond and adapt to technological changes and customer preferences, competition and our ongoing capital requirements. Our operating expenses are based in part on our expectations of our future revenues and are partially fixed in the short term. We may be unable to adjust spending quickly enough to offset any unexpected revenue shortfall.

We do not intend to pay any dividends on our common stock in the foreseeable future.

We currently intend to retain all future earnings, if any, to finance our current and proposed business activities and do not anticipate paying any cash dividends on our common stock in the foreseeable future. We may also incur indebtedness in the future that may prohibit or effectively restrict the payment of cash dividends on our common stock.

We are subject to the ongoing requirements of Section 404 of the Sarbanes-Oxley Act.

We are required to comply with the provisions of Section 404 of the Sarbanes-Oxley Act of 2002, which requires that we document and test our internal controls and certify that we are responsible for maintaining an adequate system of internal control procedures. During the course of our ongoing evaluation and integration of the internal controls of our business, we may identify areas requiring improvement, and we may have to design enhanced processes and controls to address issues identified through this review. If we are unable to timely comply with Section 404 or if the costs related to compliance are significant, our profitability, stock price and results of operations and financial condition could be materially adversely affected.

We believe that the out-of-pocket costs, the diversion of management's attention from running the day-to-day operations and operational changes caused by the need to comply with the requirements of Section 404 of the Sarbanes-Oxley Act could be significant. If the time and costs associated with such compliance exceed our current expectations, our results of operations could be adversely affected.

As of October 31, 2010 and April 30, 2011, our management has concluded that our disclosure controls and procedures were inadequate due to certain material weakness in internal controls over financial reporting including: (i) not maintaining sufficient personnel with clearly delineated and fully documented responsibilities and with an appropriate level of accounting expertise; (ii) insufficient documented procedures to identify and prepare a conclusion on matters involving material accounting issues; and (iii) lack of entity level controls at our subsidiaries. Although the Company intends to take steps to address these weaknesses, we cannot be certain at this time that we will be able to successfully remediate these weaknesses which will require us to report one or more material weaknesses in connection with the presentation of our financial statements in the future. Material weaknesses in the effectiveness of our internal controls over financial reporting could result in an increased chance of fraud and the loss of customers, reduce our ability to obtain financing and require additional expenditures to comply with these requirements, each of which could have a material adverse effect on our business, results of operations and financial condition.

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As a public company we incur costs and we need to offset these costs by decreasing other expenses and/or increasing revenues, we may not be able to absorb these costs which may adversely affect our operations.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as amended, as well as new rules subsequently implemented by the SEC have required changes in corporate governance practices of public companies. We are in the process of implementing corporate governance standards, disclosure controls and financial reporting and accounting systems to meet our reporting obligations as well as employment contracts for key personnel; however, we expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

The measures we take may not be sufficient to satisfy our obligations as a public company and we expect the implementation costs and engagement of professionals to assist in the implementation to be prohibitive in the short term.

There can be no assurance that our current or future management will be able to implement and affect programs and policies in an effective and timely manner that adequately respond to such increased legal, regulatory compliance, and reporting requirements without significant cost to us. Unless we offset the additional costs by decreasing other expenses and/or increasing revenue or raising additional capital, we may not be able to absorb the costs of complying with Sarbanes Oxley and our SEC reporting requirements, which may divert funds away from marketing activities and maintaining state of the art manufacturing equipment, either of which could adversely affect our operations. Further tightening may require us to defer management salaries, which may discourage current management personnel and prospects from remaining with or joining the Company. We can make no assurances that we will not defer executive salaries, which could affect our ability to attract, recruit or retain qualified management personnel that would otherwise help us minimize the professional costs associated with our compliance and reporting requirements.

Certain stockholders can exert control over us and may not make decisions that further the best interests of all stockholders.

Our officers, directors and principal stockholders (greater than 5% stockholders) together own an aggregate of approximately 26% of our outstanding common stock. Consequently, these stockholders, if they act individually or together, may exert a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change of control of the Company and might affect the market price of our common stock, even when a change of control may be in the best interest of all stockholders. Furthermore, the interests of this concentration of ownership may not always coincide with our interests or the interests of other stockholders, and accordingly, they could cause us to enter into transactions or agreements which we would not otherwise consider.

Provisions in our articles of incorporation, bylaws, and Delaware law may make it difficult for a third party to acquire us, even in situations that may be viewed as desirable by our shareholders.

Our certificate of incorporation and bylaws, and provisions of Delaware law may delay, prevent or otherwise make it more difficult to acquire us by means of a tender offer, a proxy contest, open market purchases, removal of incumbent directors and otherwise. These provisions, which are summarized below, are expected to discourage types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with us. We are subject to the business combination provisions of Section 203 of the Delaware General Corporation Law. In general, those provisions prohibit a publicly held Delaware corporation from engaging in various business combination transactions with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

The transaction is approved by the board of directors prior to the date the interested stockholder obtained interested stockholder status;

Upon consummation of the transaction that resulted in the stockholder s becoming an interested stockholder, the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

On or subsequent to the date the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

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The provisions could prohibit or delay mergers or other takeover or change of control attempts with respect to us and, accordingly, may discourage attempts to acquire us.

Certain conflicts of interest could arise.

Charles J. Zwebner, our Chief Executive Officer, is also the sole officer and director of Blackbird Corporation and its subsidiary, Yak America Inc. Therefore, Mr. Zwebner will need to devote a portion of his time and efforts to these companies. Blackbird is in the process of being liquidated and dissolving. Additionally, it is expected that no further material resources will be spent on the business of Yak America as its management considers alternative plans to divest the business over the next 18 months. Accordingly, it is not expected that Mr. Zwebner will devote significant time to the affairs of these entities. However, if additional time or resources are required to wind down or otherwise address the operations of these companies, conflicts may limit the availability of Mr. Zwebner to manage the Company.

Our board of directors has not established any committees.

We have not established any committees including an Audit Committee, a Compensation Committee or a Nominating Committee, or any committee performing a similar function. Our Board of Directors consists of only three members, which are also executive officers of the Company, and has not delegated any of its functions to committees. The members of our Board of Directors do not qualify as independent under any exchange or SEC standard. The entire Board of Directors acts as our audit committee as permitted under Section 3(a)(58)(B) of the Exchange Act. Our Board of Directors reviews the professional services provided by our independent auditors, the independence of our auditors from our management, our annual financial statements and our system of internal accounting controls. Further, as we are currently quoted on the OTCQB market, we are not subject to any exchange rule which includes qualitative requirements mandating the establishment of any particular committees or that a majority of our Board of Directors be independent. We do not have a policy regarding the consideration of any director candidates which may be recommended by our shareholders, including the minimum qualifications for director candidates, nor has our Board of Directors established a process for identifying and evaluating director nominees. We have not adopted a policy regarding the handling of any potential recommendation of director candidates by our shareholders, including the procedures to be followed. Our Board of Directors has not considered or adopted any of these policies as we have never received a recommendation from any shareholder for any candidate to serve on our Board of Directors.

The issuance of additional shares of common stock or preferred stock could change control of the Company.

Our certificate of incorporation authorizes the Board of Directors, without approval of the shareholders, to cause shares of preferred stock to be issued in one or more series, with the numbers of shares of each series to be determined by the Board of Directors. Our certificate of incorporation further authorizes the Board of Directors to fix and determine the powers, designations, preferences and relative participating, optional or other rights (including, without limitation, voting powers, preferential rights to receive dividends or assets upon liquidation, rights of conversion or exchange into common stock or preferred stock of any series, redemption provisions and sinking fund provisions) between series and between the preferred stock or any series thereof and the common stock, and the qualifications, limitations or restrictions of such rights. In the event of issuance, preferred stock could be used, under certain circumstances, as a method of discouraging, delaying or preventing a change of control of our Company. We have 1,000,000,000 shares of common stock authorized, including 29,254,084 shares which are issued and outstanding. Our existing shareholders may suffer dilution in their interest without having the opportunity to approve any transactions pursuant to which the Company may issue additional shares of common stock or preferred stock. Although we have no present plans to issue additional shares of common stock (other than through the terms of the Private Placement or the exercise of outstanding warrants or options) or series or shares of preferred stock, we can give no assurance that we will not do so in the future.

MARKET PRICE OF COMMON STOCK

On October 27, 2010, we filed an amendment to our certificate of incorporation to effect a reverse stock split of our common stock issued and outstanding as of September 22, 2010, on the basis of one (1) post-split share for every thirty (30) pre-split shares of our Common Stock (the Reverse Stock Split). All references to numbers of shares of common stock as well as the sales prices of our common stock in this prospectus reflect the effect of this Reverse Stock Split.

Our common stock, par value \$0.001 per share, is currently quoted on the OTCQB market under the stock symbol RPID. At the close of business on May 31, 2011, there were approximately 29,254,084 shares of our common stock outstanding held by approximately 589 holders of record. The following table sets forth, for the periods indicated, the range of high and low closing prices for our common stock as reported on the OTCQB market. These quotations are adjusted for our Reverse Stock Split and reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

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Quarter Ended	High	Low
October 31, 2009	\$ 1.20	\$ 0.90
January 31, 2010	\$ 0.90	\$ 0.30
April 30, 2010	\$ 3.30	\$ 1.20
July 31, 2010	\$ 1.80	\$ 1.20
October 31, 2010	\$ 1.50	\$ 0.60
January 31, 2011	\$ 0.82	\$ 0.67
April 30, 2011	\$ 0.70	\$ 0.25

On June 6, 2011, our common stock had a closing price of \$0.15.

DIVIDENDS

Holders of our common stock are entitled to receive dividends when and if declared by our Board of Directors out of funds legally available. We, however, have never paid any cash dividends and do not anticipate paying any cash dividends in the foreseeable future. Instead we intend to retain any future earnings to support the development and growth of our business. We may consider payment of dividends at some point in the future, but the declaration of dividends is at the discretion of the Board of Directors, and there is no assurance that dividends will be paid at any time. Our Board of Directors will make any such future determination as to the payment of dividends at its discretion, and its determination will depend upon our operating results, financial condition and capital requirements, general business conditions and such other factors that the Board of Directors considers relevant. In addition, our loan agreements with various lenders prohibit us from paying cash dividends or making other distributions on our common stock without prior consent.

USE OF PROCEEDS

The selling stockholders will receive all of the net proceeds from the sale of the shares of our common stock offered for resale by them under this prospectus. We will not receive any proceeds from the resale of shares of our common stock by the selling stockholders covered by this prospectus; however, we will receive proceeds from cash payments made in connection with the exercise of warrants held by selling stockholders that are covered by this prospectus.

SELLING STOCKHOLDERS

In connection with the Private Placement described below, we have agreed to file a registration statement covering the resale by certain investors of the shares of common stock issued in the Private Placement as well as the resale by the investors and the placement agent of the shares of common stock issuable upon the exercise of certain warrants. We have prepared this prospectus to allow these selling stockholders to sell, from time to time, up to an aggregate of 10,620,000 shares of our common stock, including 5,520,000 shares of common stock underlying currently exercisable warrants. All of the common stock offered by this prospectus may be offered by the selling stockholders for its own account. We will receive no proceeds from any such sale of these shares by the selling stockholders; however, we will receive proceeds from cash payments made in connection with the exercise of warrants held by selling stockholders that are covered by this prospectus.

January February 2011 Private Placement

On January 25, 2011, we completed the initial closing of a private placement (the *Private Placement*) with approximately 30 accredited investors (the *Investors*), pursuant to which we sold to the Investors an aggregate of 41 units (the *Units*) at a purchase price of \$50,000 per Unit (the *Unit Price*). Each Unit is comprised of (i) 100,000 shares of our common stock; and (ii) a three-year warrant to purchase 100,000 shares of common stock at an exercise price of \$0.75 per share, subject to adjustment for stock splits, stock dividends, recapitalizations and similar events (the *Investor Warrants*). In the initial closing, we sold 41 Units and received net proceeds of approximately \$1.8 million after payment of placement agent fees and costs relating to the Private Placement.

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On February 28, 2011, we completed the final closing of the Private Placement with approximately 9 Investors, pursuant to which we sold to the Investors an aggregate of 5 Units. In the final closing, we sold 5 Units and received net proceeds of approximately \$216,000 after payment of placement agent fees and costs relating to the Private Placement.

In the Private Placement, we sold an aggregate of 46 Units comprised of 4,600,000 shares of our common stock and Investor Warrants to purchase an additional 4,600,000 shares of our common stock.

In consideration for services rendered as the placement agent in the Private Placement, we paid the placement agent cash commissions and an expense allowance fee aggregating \$225,250. In addition, as consideration for services rendered in connection with the Private Placement, at the final closing date of the Private Placement, we sold to the placement agent (i) warrants to purchase 460,000 shares of our common stock at an aggregate cost of \$10.00 (the Placement Agent Warrants), and (ii) warrants to purchase 460,000 shares of our common stock identical to those sold to Investors. The Placement Agent Warrants have a term of five years and shall be exercisable at \$0.60 per share, subject to adjustment for stock splits, stock dividends, recapitalizations and similar events. The Placement Agent Warrants also contain weighted average anti-dilution protection, cashless exercise provisions and piggy-back registration rights during the lifetime of the Placement Agent Warrants.

The Units were offered and sold in reliance upon exemptions from registration under the Securities Act in reliance on Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder, as transactions by an issuer not involving a public offering.

The shares of common stock beneficially owned by each of these selling stockholders are being registered to permit public secondary trading of these securities, and the selling stockholders may offer these shares for resale from time to time as described in the Plan of Distribution.

The following table sets forth the names of the selling stockholders, the number of shares of common stock owned beneficially by each selling stockholder as of February 28, 2011 and the number of shares that may be offered pursuant to this prospectus. None of the selling stockholders has, or within the past three years has had, any position, office or material relationship with us or any of our predecessors or affiliates. The table has been prepared based upon information furnished to us by or on behalf of the selling stockholders.

The selling stockholders may decide to sell all, some, or none of the shares of common stock listed below. We cannot provide you with any estimate of the number of shares of common stock that any of the selling stockholders will hold in the future.

For purposes of this table, beneficial ownership is determined in accordance with the Rule 13d-3 promulgated under the Securities Exchange Act of 1934, and includes voting power and investment power with respect to such shares. In calculating the percentage ownership or percent of equity vote for a given individual or group, the number of shares of common stock outstanding for that individual or group includes unissued shares subject to options, warrants, rights or conversion privileges exercisable within sixty days held by such individual or group, but are not deemed outstanding by any other person or group.

As explained below under Plan of Distribution, we have agreed to bear certain expenses (other than broker discounts and commissions, if any) in connection with the registration statement, which includes this prospectus.

Name of Selling Stockholder	Number of Shares Owned Before the Offering	Percent of Common Stock Owned Before the Offering	Shares Available for Sale Under This Prospectus	Number of Shares	
				To Be Owned After the Termination of the Offering	Percent of Common Stock to be Owned After Completion of the Offering
Tziuy Roberts ⁽¹⁾	400,000	1.36%	400,000	(2)	(2)
Bruce P. Inglis and Nancy Inglis ⁽³⁾	300,000	1.02%	300,000	(2)	(2)
Dennis C. Liotta ⁽⁴⁾	2,351,794	7.82%	1,600,000	(2)	(2)

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