

KONA GRILL INC
Form SC 13D/A
February 22, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 10)*

Kona Grill, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

50047H201

(CUSIP Number)

Mill Road Capital, L.P.

Attn: Thomas E. Lynch

382 Greenwich Avenue

Suite One

Edgar Filing: KONA GRILL INC - Form SC 13D/A

Greenwich, CT 06830

203-987-3501

With a copy to:

Peter M. Rosenblum, Esq.

Foley Hoag LLP

155 Seaport Blvd.

Boston, MA 02210

617-832-1151

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 22, 2010

(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

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

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 50047H201

1. Names of reporting persons.

Thomas E. Lynch

2. Check the appropriate box if a member of a group (see instructions)

(a) " (b) "

3. SEC use only

4. Source of funds (see instructions)

OO

5. Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) "

6. Citizenship or place of organization

USA

7. Sole voting power

Number of

shares

8. Shared voting power

beneficially

owned by

899,330

each

9. Sole dispositive power

reporting

10. Shared dispositive power

person

with

899,330

11. Aggregate amount beneficially owned by each reporting person

899,330

12. Check if the aggregate amount in Row (11) excludes certain shares (see instructions) "

13. Percent of class represented by amount in Row (11)

9.8%

14. Type of reporting person (see instructions)

IN; HC

CUSIP No. 50047H201

1. Names of reporting persons.

Scott P. Scharfman

2. Check the appropriate box if a member of a group (see instructions)

(a) (b)

3. SEC use only

4. Source of funds (see instructions)

OO

5. Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

6. Citizenship or place of organization

USA

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14. Type of reporting person (see instructions)

IN; HC

CUSIP No. 50047H201

1. Names of reporting persons.

Mill Road Capital GP LLC

2. Check the appropriate box if a member of a group (see instructions)

(a) " (b) "

3. SEC use only

4. Source of funds (see instructions)

OO

5. Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) "

6. Citizenship or place of organization

Delaware

7. Sole voting power

Number of

shares

899,330

beneficially

8. Shared voting power

owned by

9. Sole dispositive power

each

reporting

899,330

person

10. Shared dispositive power

with

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9.8%

14. Type of reporting person (see instructions)

OO; HC

CUSIP No. 50047H201

1. Names of reporting persons.

Mill Road Capital, L.P.

2. Check the appropriate box if a member of a group (see instructions)

(a) (b)

3. SEC use only

4. Source of funds (see instructions)

WC

5. Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e)

6. Citizenship or place of organization

Delaware

7. Sole voting power

Number of

shares

899,330

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9.8%

14. Type of reporting person (see instructions)

PN

CUSIP No. 50047H201

Page 6 of 8 Pages

This Amendment No. 10 (this Amendment) to the joint statement on Schedule 13D with respect to the common stock, par value \$0.01 per share, of Kona Grill, Inc., a Delaware corporation, filed by the undersigned on June 26, 2008 (the Initial Filing), as amended by Amendment No. 1 on Schedule 13D filed by the undersigned on November 14, 2008, with respect to the Initial Filing, as amended by Amendment No. 2 on Schedule 13D filed by the undersigned on December 30, 2008, with respect to the Initial Filing, as amended by Amendment No. 3 on Schedule 13D filed by the undersigned on January 2, 2009, with respect to the Initial Filing, as amended by Amendment No. 4 on Schedule 13D filed by the undersigned on January 30, 2009, with respect to the Initial Filing, as amended by Amendment No. 5 on Schedule 13D filed by the undersigned on March 12, 2009, with respect to the Initial Filing, as amended by Amendment No. 6 on Schedule 13D filed by the undersigned on April 15, 2009, with respect to the Initial Filing, as amended by Amendment No. 7 on Schedule 13D filed by the undersigned on May 18, 2009, with respect to the Initial Filing, as amended by Amendment No. 8 on Schedule 13D filed by the undersigned on June 3, 2009, with respect to the Initial Filing, and as amended by Amendment No. 9 on Schedule 13D filed by the undersigned on January 29, 2010, with respect to the Initial Filing (the Schedule 13D), amends the Schedule 13D as follows:

1. Item 4 of the Schedule 13D shall hereby be amended by inserting the following two paragraphs between the eighth and ninth paragraphs:

On February 2, 2010, the Fund received a letter from the Issuer, attached hereto as Exhibit 21, in response to the Fund's letter dated January 28, 2010 regarding its proposal to nominate the Nominees for election to the Issuer's Board of Directors at the Annual Meeting, in which the Issuer accepted the validity of the Fund's January 28, 2010 letter for purposes of the advance notice requirement of stockholder nominees in the Issuer's bylaws. On February 5, 2010, the Fund transmitted a letter to the Issuer, attached hereto as Exhibit 22, acknowledging the Issuer's February 2, 2010 letter to the Fund. On February 6, 2010, the Fund received a letter from the Issuer, attached hereto as Exhibit 23, in which the Issuer acknowledged the Fund's February 5, 2010 letter to the Issuer and confirmed the validity of the Fund's January 28, 2010 nomination letter.

On February 22, 2010, the Fund transmitted a letter to the Issuer, attached hereto as Exhibit 24, pursuant to the applicable provisions of the Delaware General Corporation Law, demanding the opportunity to inspect and make copies of the Issuer's list of stockholders and certain related materials, in connection with the Fund's potential solicitation of proxies in support of the Nominees.

2. Item 5(c) of the Schedule 13D shall hereby be amended and restated in full as follows:

(c) No Reporting Person effected any transaction in shares of the Common Stock from January 29, 2010 (the date of the most recent filing on Schedule 13D by the Reporting Persons with respect to the Common Stock) to February 22, 2010.

3. Item 7 of the Schedule 13D shall hereby be amended by adding the following Exhibits:

Exhibit 21 Letter from Kona Grill, Inc. to Mill Road Capital, L.P. dated February 2, 2010.

Exhibit 22 Letter from Mill Road Capital, L.P. to Kona Grill, Inc. dated February 5, 2010.

Exhibit 23 Letter from Kona Grill, Inc. to Mill Road Capital, L.P. dated February 6, 2010.

Exhibit 24 Letter from Mill Road Capital, L.P. to Kona Grill, Inc. dated February 22, 2010.

4. Except as expressly modified hereby, all provisions of the Schedule 13D shall continue in full force and effect.

Signature

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.

DATE: February 22, 2010

MILL ROAD CAPITAL, L.P.

By: Mill Road Capital GP LLC,
its General Partner

By: /s/ CHARLES M. B. GOLDMAN
Charles M. B. Goldman

Management Committee Director

MILL ROAD CAPITAL GP LLC

By: /s/ CHARLES M. B. GOLDMAN
Charles M. B. Goldman

Management Committee Director

THOMAS E. LYNCH

By: /s/ CHARLES M. B. GOLDMAN
Charles M. B. Goldman, attorney-in-fact

SCOTT P. SCHARFMAN

By: /s/ CHARLES M. B. GOLDMAN
Charles M. B. Goldman, attorney-in-fact