

KONA GRILL INC
Form SC 13D/A
March 25, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 12)*

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

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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)

March 23, 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

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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

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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

13D

Page 3 of 8 Pages

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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9.8%

14. Type of reporting person (see instructions)

IN; HC

CUSIP No. 50047H201

13D

Page 4 of 8 Pages

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

each

9. Sole dispositive power

reporting

person

899,330

10. Shared dispositive power

with

11. Aggregate amount beneficially owned by each reporting person

899,330

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

9.8%

14. Type of reporting person (see instructions)

OO; HC

CUSIP No. 50047H201

13D

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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

beneficially

8. Shared voting power

owned by

each

9. Sole dispositive power

reporting

person

899,330

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899,330

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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)

PN

CUSIP No. 50047H201

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This Amendment No. 12 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, as amended by Amendment No. 1 thereto filed on November 14, 2008, by Amendment No. 2 thereto filed on December 30, 2008, by Amendment No. 3 thereto filed on January 2, 2009, by Amendment No. 4 thereto filed on January 30, 2009, by Amendment No. 5 thereto filed on March 12, 2009, by Amendment No. 6 thereto filed on April 15, 2009, by Amendment No. 7 thereto filed on May 18, 2009, by Amendment No. 8 thereto filed on June 3, 2009, by Amendment No. 9 thereto filed on January 29, 2010, by Amendment No. 10 thereto filed on February 22, 2010, and by Amendment No. 11 thereto filed on March 12, 2010 (collectively, the Schedule 13D), further amends and supplements the Schedule 13D as follows:

1. Item 4 of the Schedule 13D shall hereby be amended by inserting the following three paragraphs between the twelfth and thirteenth paragraphs:

On March 17, 2010, the Fund received a letter from counsel to the Issuer, attached hereto as Exhibit 27, in response to the Fund's letter dated March 10, 2010 demanding the opportunity to inspect and make copies of certain books and records of the Issuer related to the resignation of Marcus E. Jundt or the preparation, negotiation and execution of the Executive Employment Agreement, dated as of May 11, 2009, or the Separation Agreement and Release of Claims, dated as of August 6, 2009, each between the Issuer and Mr. Jundt. The Issuer's counsel stated that the Issuer intends to accommodate the Fund to the extent legally required, but that prior to making available for inspection and copying books and records of the Issuer responsive to the Fund's March 10, 2010 letter, the Issuer's Board of Directors will require the Fund to execute a confidentiality agreement acceptable to the Board of Directors.

On March 23, 2010, the Fund filed a preliminary proxy statement on Schedule 14A with the Securities and Exchange Commission, in connection with the Fund's potential solicitation of proxies in support of the Nominees.

STOCKHOLDERS OF KONA GRILL, INC. ARE ADVISED TO READ THE PROXY STATEMENT, GOLD PROXY CARD AND ANY OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES IN SUPPORT OF THE NOMINEES FOR USE AT THE ANNUAL MEETING WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN THE PROXY SOLICITATION. THE DEFINITIVE PROXY STATEMENT AND GOLD PROXY CARD WILL BE AVAILABLE TO THE STOCKHOLDERS OF KONA GRILL, INC. FROM THE PARTICIPANTS AT NO CHARGE, BY CONTACTING OUR PROXY SOLICITOR, INVESTORCOM, INC., BY PHONE TOLL-FREE AT 1-877-972-0090, AND WILL ALSO BE AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION'S WEBSITE AT WWW.SEC.GOV.

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 March 12, 2010 (the date of the most recent filing on Schedule 13D by the Reporting Persons with respect to the Common Stock) to March 25, 2010.

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

Exhibit 27 Letter from the Issuer's counsel to Mill Road Capital, L.P. dated March 17, 2010.

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: March 25, 2010

MILL ROAD CAPITAL, L.P.

By: Mill Road Capital GP LLC,

its General Partner

By: /s/ Justin C. Jacobs
Justin C. Jacobs
Management Committee Director

MILL ROAD CAPITAL GP LLC

By: /s/ Justin C. Jacobs
Justin C. Jacobs
Management Committee Director

THOMAS E. LYNCH

By: /s/ Justin C. Jacobs
Justin C. Jacobs, attorney-in-fact

SCOTT P. SCHARFMAN

By: /s/ Justin C. Jacobs
Justin C. Jacobs, attorney-in-fact