

KONA GRILL INC
Form SC 13D/A
May 18, 2009

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 7)*

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

Two Sound View Drive

Suite 300

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)

May 18, 2009

(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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Page 2 of 10 Pages

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

640,062

Each

9. Sole Dispositive Power

Reporting

10. Shared Dispositive Power

Person

With

640,062

11. Aggregate Amount Beneficially Owned by Each Reporting Person

640,062

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

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1. Names of Reporting Persons.

Charles M. B. Goldman

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

640,062

Each

9. Sole Dispositive Power

Reporting

10. Shared Dispositive Power

Person

With

640,062

11. Aggregate Amount Beneficially Owned by Each Reporting Person

640,062

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

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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

7. Sole Voting Power

Number of

Shares

8. Shared Voting Power

Beneficially

Owned by

640,062

Each

9. Sole Dispositive Power

Reporting

10. Shared Dispositive Power

Person

With

640,062

11. Aggregate Amount Beneficially Owned by Each Reporting Person

640,062

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

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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

640,062

Beneficially

8. Shared Voting Power

Owned by

9. Sole Dispositive Power

Each

Reporting

Person

640,062

10. Shared Dispositive Power

With

11. Aggregate Amount Beneficially Owned by Each Reporting Person

640,062

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)

OO; HC

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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

640,062

Beneficially

8. Shared Voting Power

Owned by

9. Sole Dispositive Power

Each

Reporting

640,062

Person

10. Shared Dispositive Power

With

11. Aggregate Amount Beneficially Owned by Each Reporting Person

640,062

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

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This Amendment No. 7 (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, and as amended by Amendment No. 6 on Schedule 13D filed by the undersigned on April 15, 2009, with respect to the Initial Filing (the Schedule 13D), amends the Schedule 13D as follows:

1. Item 3 of the Schedule 13D shall hereby be amended and restated in full as follows:

Item 3. Source and Amount of Funds or Other Consideration. The Reporting Persons acquired beneficial ownership of an aggregate of 640,062 shares of Common Stock for \$4,984,385.41 using working capital from the Fund and the proceeds of margin loans under margin loan facilities maintained in the ordinary course of business by the Fund with a broker on customary terms and conditions.

2. Item 4 of the Schedule 13D shall hereby be amended by inserting the following paragraph between the fourth and fifth paragraphs:

On May 18, 2009, the Fund transmitted a letter to the Issuer, attached hereto as Exhibit 15, in which it submitted a non-binding offer to acquire all of the Issuer's capital stock for cash in a transaction that would value the Issuer's total enterprise value at \$27.9 million or \$4.60 per share, a 101% premium to the closing price of \$2.29 as of May 15, 2009.

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

(a) In the aggregate, the Reporting Persons beneficially own, as of May 17, 2009, 640,062 shares of the Common Stock, representing approximately 9.8% of such class of securities. The Fund, the GP, as the sole general partner of the Fund, and each Manager, as a management committee director of the GP, each beneficially owns, as of May 17, 2009, 640,062 shares of the Common Stock, representing approximately 9.8% of such class of securities. These percentages of beneficial ownership are based on a total of 6,520,313 shares of the Common Stock outstanding as of April 30, 2009, as reported in the most recent quarterly report of the Issuer on Form 10-Q for the fiscal quarter ended March 31, 2009.

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

No Reporting Person, other than the Fund as set forth in the table below, effected any transaction in shares of the Common Stock from April 15, 2009 (the date of the most recent filing on Schedule 13D by the Reporting Persons with respect to the Common Stock) to May 17, 2009:

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

Date of	Shares	Avg.
Purchase /	Purchased	Purchase /
Sale	/	Sale Price
	(Sold) (#)	per Share
		(\$)
4/15/2009	(18,109)	\$2.3594
4/30/2009	10,000	\$2.0982

6. Item 7 of the Schedule 13D shall hereby be amended by adding Exhibit 15 as follows:

Exhibit 15 Letter from Mill Road Capital, L.P. to the Board of Directors of Kona Grill dated May 18, 2009.

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

[signature page follows]

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: May 18, 2009

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

CHARLES M. B. GOLDMAN

/s/ Charles M. B. Goldman
Charles M. B. Goldman

SCOTT P. SCHARFMAN

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