

Bakay Berke
 Form 4
 November 01, 2010

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 Bakay Berke

(Last) (First) (Middle)

4975 PRESTON PARK BLVD.,
 SUITE 775W

(Street)

PLANO, TX 75093

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 KONA GRILL INC [KONA]

3. Date of Earliest Transaction
 (Month/Day/Year)
 10/29/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|--|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock, \$0.01 par value per share | 10/29/2010 | | M | | 10,000 | A | \$ 2.98 |
| Common Stock, \$0.01 par value per share | | | | | 1,213,139 ⁽¹⁾ | I | <u>(2)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 2.98 | 10/29/2010 | | M | 10,000 | 10/29/2009 10/29/2014 | Common Stock | 10,000 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Bakay Berke 4975 PRESTON PARK BLVD., SUITE 775W PLANO, TX 75093 | X | X | | |
| BBS CAPITAL FUND LP 4975 PRESTON PARK BLVD., SUITE 775W PLANO, TX 75093 | X | X | | |
| BBS Capital GP, LP 4975 PRESTON PARK BLVD., SUITE 775W PLANO, TX 75093 | X | X | | |
| BBS Capital Management, LP 4975 PRESTON PARK BLVD., SUITE 775W PLANO, TX 75093 | X | X | | |
| BBS Capital, LLC 4975 PRESTON PARK BLVD., SUITE 775W PLANO, TX 75093 | X | X | | |

Signatures

| | |
|--|------------|
| /s/ Berke Bakay | 11/01/2010 |
| __Signature of Reporting Person | Date |
| /s/ Berke Bakay, manager of BBS Capital, LLC, general partner of BBS Capital GP, LP, general partner of BBS Capital Fund, LP | 11/01/2010 |
| __Signature of Reporting Person | Date |
| /s/ Berke Bakay, manager of BBS Capital, LLC, general partner of BBS Capital GP, LP | 11/01/2010 |
| __Signature of Reporting Person | Date |
| /s/ Berke Bakay, manager of BBS Capital, LLC, general partner of BBS Capital Management, LP | 11/01/2010 |
| __Signature of Reporting Person | Date |
| /s/ Berke Bakay, manager of BBS Capital, LLC, general partner of BBS Capital GP, LP | 11/01/2010 |
| __Signature of Reporting Person | Date |

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The filing of this Form 4 shall not be construed as an admission that BBS Capital Management, LP ("BBS Management"), BBS Capital GP, LP ("BBS GP"), BBS Capital, LLC ("BBS Capital") or Mr. Berke Bakay are or were for the purpose of Section 16(a) of the

(1) Securities Exchange Act of 1934, as amended, or otherwise the beneficial owner of any of the shares of common stock, par value \$0.01 per share ("Common Stock"), of Kona Grill, Inc. (the "Issuer") owned by BBS Capital Fund, LP (the "Fund"). Mr. Bakay, BBS GP, BBS Management and BBS Capital each disclaim any such beneficial ownership except to the extent of their pecuniary interest.

(2) The Fund beneficially owns 1,213,139 shares of Common Stock of the Issuer as of October 29, 2010. BBS GP, as general partner of the Fund, BBS Capital, as the general partner of BBS GP, and Mr. Bakay may be deemed to have an indirect pecuniary interest in such shares due to the performance allocation from the Fund and their direct or indirect partnership interests in the Fund. BBS Management, as investment manager to the Fund receives an asset-based management fee from the Fund and, therefore, has no pecuniary interest.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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