

K TEL INTERNATIONAL INC
Form SC 13D/A
January 12, 2004

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

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO
RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13D-2(A)**

**Under the Securities Exchange Act of 1934
(Amendment No. 2)(1)**

K-Tel International, Inc.

(Name of Issuer)

Common Stock, \$.01 par value per share

(Title of Class of Securities)

482724 20 0

(CUSIP Number)

**Mark S. Weitz, Esq., Leonard, Street and Deinard, P.A., 150 South Fifth Street,
Suite 2300, Minneapolis, Minnesota 55402**

(612) 335-1500

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

January 9, 2004

(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 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 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* Rule 13d-7(b) for other parties to whom copies are to be sent.

(1) 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 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*).

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CUSIP No. 482724 20 0

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Philip Kives
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)
PF & OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization
Canada
7. Sole Voting Power
9,787,953(1)
8. Shared Voting Power
-0-
9. Sole Dispositive Power
9,787,953(1)
10. Shared Dispositive Power
-0-
11. Aggregate Amount Beneficially Owned by Each Reporting Person
9,787,953(1)
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)
63.7%
14. Type of Reporting Person (See Instructions)
IN

(1) See footnotes in Item 5(a) and (b) regarding stock ownership.

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
K-5 Leisure Products, Inc.
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 & OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization
Nevada
7. Sole Voting Power
7,759,678
8. Shared Voting Power
-0-
9. Sole Dispositive Power
7,759,678
10. Shared Dispositive Power
-0-
11. Aggregate Amount Beneficially Owned by Each Reporting Person
7,759,678
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)
56.8%
14. Type of Reporting Person (See Instructions)
CO

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

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1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
National Developments Ltd.

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 & OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Manitoba, Canada

	7.	Sole Voting Power 325,336
Number of Shares Beneficially Owned by Each Reporting Person With	8.	Shared Voting Power -0-
	9.	Sole Dispositive Power 325,336
	10.	Shared Dispositive Power -0-

11. Aggregate Amount Beneficially Owned by Each Reporting Person
325,336

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)
2.4%

14. Type of Reporting Person (See Instructions)
CO

Introduction.

The reporting persons are filing this Schedule 13D amendment, which amends the reporting persons' Schedule 13D filed March 5, 2003, as amended to date, to report current aggregate holdings in K-Tel International, Inc. (the Issuer) and transactions in the Issuer's common stock not previously reported. Philip Kives beneficially owns the shares covered by this Schedule 13D personally and through entities he controls.

Item 1. Security and Issuer.

Common Stock, \$.01 par value per share
K-Tel International, Inc., a Minnesota corporation
2655 Cheshire Lane North, Suite 100
Plymouth, Minnesota 55447

Item 2. Identity and Background

Item 2(a). Name of Person Filing.

- (i) Philip Kives
- (ii) K-5 Leisure Products, Inc., a Nevada corporation
- (iii) National Developments Ltd., a Manitoba corporation

Item 2(b). Business Address.

- (i), (ii) 220 Saulteaux Crescent
- & (iii) Winnipeg, Manitoba R3Z 3W3
Canada

Item 2(c). Present Principal Occupation.

- (i) Chairman and Chief Executive Officer of K-Tel International, Inc.
2655 Cheshire Lane North, Suite 100
Plymouth, Minnesota 55447

- (ii) Investment and wholesale distribution
- (iii) Holding company and rental property investment and development

Item 2(d). Conviction of Criminal Proceeding in Last Five Years.

- (i), (ii)
- & (iii) None

Item 2(e). Conviction of Civil Proceeding in Last Five Years.

- (i), (ii)
- & (iii) None

Item 2(f). Citizenship.

- (i) Canada
- (ii) Nevada corporation
- (iii) Manitoba corporation

Item 3. Source and Amount of Funds or Other Consideration.

Except as described in the reporting persons' original Schedule 13D and later amendments, all of the shares were acquired by the reporting persons with working capital and/or personal funds in market transactions at fair market value at the time of each transaction.

Item 4. Purpose of Transaction.

Philip Kives, one of the reporting persons, is the founder and principal shareholder of the Issuer and has acquired shares personally and through K-5 Leisure Products, Inc. and National Developments Ltd., his wholly-owned entities, to increase his equity position, assist the Issuer with its capital requirements and to maintain his control of the Issuer. Mr. Kives will continually evaluate his position to determine what, if any, actions to take with respect to his ownership position.

On November 26, 2003, K-5 Leisure Products, Inc. adopted a Trading Plan intended to comply with Rule 10b5-1(c)(10) of the Securities Exchange Act of 1934, as amended. The Trading Plan directs K-5 Leisure Products, Inc.'s broker to acquire up to an aggregate of 1,400,000 shares of the Issuer's common stock from time to time when shares are available for purchase at less than the price designated in the Trading Plan.

It should be noted that the possible activities of the reporting persons are subject to change at any time. Except as set forth above, the reporting persons have no present plans or proposals that would result in or relate to any of the actions described in subparagraphs (a) - (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer**Items 5(a) and (b).****Aggregate Number and Percentage of Class of Securities.**

As of the date of this statement, the reporting persons beneficially own the number of shares of common stock set forth below. The percentages set forth below represent the percentages of the outstanding shares of common stock (based on a total of 13,653,738 shares of common stock outstanding as reported in the Issuer's Form 10-Q for the period ended September 30, 2003) beneficially owned by the reporting persons.

Philip Kives	9,787,953 (1)(2)	(63.7)%
Sole Voting Power:	9,787,953(1)(2)	
Shared Voting Power:	-0-	
Sole Dispositive Power:	9,787,953(1)(2)	
Shared Dispositive Power:	-0-	
K-5 Leisure Products, Inc.	7,759,678	(56.8)%
Sole Voting Power:	7,759,678	
Shared Voting Power:	-0-	
Sole Dispositive Power:	7,759,678	
Shared Dispositive Power:	-0-	
National Developments Ltd.	325,336	(2.4)%
Sole Voting Power:	325,336	
Shared Voting Power:	-0-	
Sole Dispositive Power:	325,336	
Shared Dispositive Power:	-0-	

(1) Philip Kives beneficially owns 7,759,678 shares of common stock through K-5 Leisure Products, Inc. and 325,336 shares of common stock through National Developments Ltd.

(2) Philip Kives beneficially owns 1,702,939 vested options to purchase shares of common stock. See Item 5(c) for more detail on these options.

Item 5(c). Transactions Effected Within the Last 60 Days.

K-5 Leisure Products, Inc. has engaged in the following transactions since the reporting persons' previous Schedule 13D amendment:

Reporting Person	Date	Type	No. Shares	Price/Share
K-5 Leisure	12/17/2003	Buy	100,000	0.0868
K-5 Leisure	12/18/2003	Buy	10,000	0.075
K-5 Leisure	12/19/2003	Buy	25,000	0.084
K-5 Leisure	12/23/2003	Buy	115,000	0.0994
K-5 Leisure	12/29/2003	Buy	4,400	0.09
K-5 Leisure	01/02/2004	Buy	14,300	0.095
K-5 Leisure	01/05/2004	Buy	15,000	0.095
K-5 Leisure	01/06/2004	Buy	1,700	0.095

Item 5(d). Additional Interested Persons.

Not applicable

Item 5(e). Ownership of Less than Five Percent.

Not applicable

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Not applicable

Item 7. Material to be Filed as Exhibits.

- A. Agreement as to Joint Filing
- B. Power of Attorney

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.

Dated: January 12, 2004

PHILIP KIVES

K-5 LEISURE PRODUCTS, INC

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

NATIONAL DEVELOPMENTS LTD.

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer or general partner of the filing person), evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, *provided, however*, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name of any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention: Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

EXHIBIT A

AGREEMENT AS TO JOINT FILING

Pursuant to Regulation Section 240.13d-1(f)(1)(iii), the undersigned acknowledge and agree that the attached Schedule 13D Amendment relating to K-Tel International, Inc. is being filed on behalf of each of the undersigned.

Dated: January 12, 2004

PHILIP KIVES

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

K-5 LEISURE PRODUCTS, INC

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

NATIONAL DEVELOPMENTS LTD

By: /s/ Dennis W. Ward
Its: Attorney-in Fact

EXHIBIT B

Power of Attorney

Each of the undersigned constitutes and appoints Dennis W. Ward his, her or its true and lawful attorney-in-fact and agent with full power of substitution, for him, her or it and in his, her or its name, place and stead, in any and all capacities, to sign any and all Section 16 reports, Schedule 13Ds, and other filings and amendments thereto relating to securities of K-Tel International, Inc., and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he, she or it might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Date: December 19, 2003

K-5 LEISURE PRODUCTS, INC.

/s/ Philip Kives
Philip Kives

By: /s/ Philip Kives
Its: President

NATIONAL DEVELOPMENTS LTD.

By: /s/ Philip Kives
Its: President