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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM 8-K/A**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported):

**February 28, 2006**

**Summit Financial Group, Inc.**

(Exact name of registrant as specified in its charter)

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**West Virginia**

(State or other jurisdiction of  
incorporation or organization)

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**No. 0-16587**

(Commission File Number)

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**55-0672148**

(I.R.S. Employer  
Identification No.)

**300 North Main Street**

**Moorefield, West Virginia 26836**

(Address of Principal Executive Offices)

**(304) 530-1000**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers**

On March 3, 2006, Summit Financial Group, Inc. (the “Company”) filed a Form 8-K disclosing the resignation of one of its directors, Harold K. Michael. On March 28, 2006, the Company received a letter dated March 27, 2006, from Mr. Michael. In that letter, Mr. Michael indicates that he disagrees with the Company’s statements in the Form 8-K filed on March 3, 2006. The Company is filing this Form 8-K/A to file Mr. Michael’s letter. This Amendment also amends the initial filing (i) to include the reason Mr. Michael maintains he resigned, (ii) to clarify the circumstances surrounding Mr. Michael’s attendance at the Company’s regularly scheduled meeting of the Audit and Compliance Committee (the “Audit Committee”), and (iii) to clarify the location of the small lobby renovation discussed in the original Form 8-K.

On February 28, 2006, Thomas J. Hawse, III, Chairman of the Audit Committee of the Company, received an undated resignation letter with a stated effective date of February 10, 2006, together with a letter dated February 10, 2006 and attachments thereto from Harold K. Michael, a director of the Company. Mr. Michael’s resignation follows his notification by the Company that he would not be re-nominated by the Board of Directors for election at the Company’s 2006 Annual Meeting.

Although the letter does not expressly state the nature of the disagreement, the Company believes that Mr. Michael resigned either because (i) he disagreed with the Board’s decision not to re-nominate him, (ii) he disagreed with the Company and the Board’s decisions relating to an investigation conducted by the Company’s Audit Committee into certain matters brought to the Audit Committee’s attention by Mr. Michael in August of 2005, or (iii) he disagreed with the Company and the Board’s decisions regarding the purchase of insurance for the Company. In his letter dated March 27, 2006, Mr. Michael states he resigned because he believes the Board has failed to fulfill its fiduciary responsibilities to the Company’s shareholders to undertake an independent and comprehensive audit on matters involving the Company.

On February 10, 2006, the Board of Directors of the Company did not re-nominate Mr. Michael for election at the Company’s Annual Meeting. The Board based its decision on its belief that Mr. Michael did not support certain aspects of the Company’s strategic direction, including in particular its decision to enter into the insurance business.

In August of 2005, Mr. Michael wrote a letter to Mr. Hawse stating his concern that the general contractor retained by the Company on various Company construction projects had diverted materials purchased by the Company to other unrelated projects, specifically a project involving the construction of a garage for Mr. Michael. Upon receipt of Mr. Michael’s letter, Mr. Hawse, Chairman of the Company’s Audit Committee, and Oscar Bean, Chairman of the Board of Directors of Summit, in conformity with the Company’s Code of Ethics for Directors, Officers, and Employees, immediately requested that the Company’s outside general counsel (“Counsel”) investigate the matters raised by Mr. Michael. In connection with the investigation, Counsel to the Company (i) interviewed Mr. Michael personally, (ii) reviewed relevant documents including available construction contracts, (iii) interviewed management, including the Company’s Chief Executive Officer and Chief Financial Officer who were not

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implicated by Mr. Michael, and (iv) prepared a memorandum to the Audit Committee concerning the matters raised by Mr. Michael.

At its regularly scheduled meeting on November 2, 2005, the Audit Committee met and considered the issues raised by Mr. Michael. Mr. Michael was a member of the Audit Committee and had proper notice of the meeting. Mr. Michael attended the meeting, but excused himself prior to the Audit Committee convening in executive session. The executive session was held for the sole purpose of discussing the concerns previously raised by Mr. Michael. Mr. Hawse communicated with Mr. Michael about the meeting and the Committee's deliberations by letter dated November 3, 2005.

Based on the Audit Committee's review of the construction project costs and other relevant information, current internal controls relating to the bidding and management of the Company's construction projects, management's assessment of the likelihood of fraud, and the Memorandum concerning this matter prepared by the Company's Counsel, the Audit Committee decided that an audit would be time-consuming and expensive and would likely not result in information sufficient to determine if fraud had occurred. Moreover, based on its review, the Committee concluded that its investigation had not revealed credible evidence that fraud had occurred.

In addition, Management of the Company conducted an internal inquiry into the facts and circumstances set forth in Mr. Michael's letter.

Integral to the Company's decisions relating to the matters raised by Mr. Michael were the following facts:

- Mr. Michael confirmed that he did not believe, nor did he have any evidence that any employee, executive officer or Board member of the Company or its subsidiaries, was involved in any wrongdoing or misconduct relating to these matters.
- Management's review of the construction projects undertaken at approximately the same time Mr. Michael's garage was constructed revealed that only two projects occurred during the same time frame. One project involved the construction of a new drive-thru at the Company's Franklin branch. The bulk of the costs associated with this project involved expenses for the excavation of the area, pouring of asphalt, construction of a water retention pond, and construction of the drive-thru canopy. The second project involved a small lobby renovation project at the Moorefield branch of the Company's subsidiary, Summit Community Bank. Materials typically used to erect a garage would not have been found in significant quantities on these sites.
- The contract for the Company's corporate office building was a stipulated fixed fee arrangement following a bid process, which the Committee believed involved a low risk that the Company had paid for materials used at unrelated projects. This construction also did not take place at the same time as the construction of Mr. Michael's garage.
- There was one significant Company construction project that was performed on a time and materials basis. This construction also did not take place at the same time as the construction of Mr. Michael's garage. This building was subsequently sold and

further improved by the new owner. The Company sold the building for a price approximately equal to its cost. Significantly, an independent, third party appraised the building at a market value equal to Summit's cost in the building. The Audit Committee did not believe that the expense and time involved in an external audit of a building no longer owned by the Company was justified because there was little likelihood an audit would result in reliable evidence fraud had occurred.

- Mr. Michael stated that the general contractor for the Company's projects and he were involved in a contract dispute relating to the payment terms for the construction of the garage on Mr. Michael's property.

- Mr. Michael would not share the identity of the individuals who were the purported sources for the information he had that materials used in Company construction projects had been used in the construction of his garage or in other unrelated projects.

Mr. Michael, a former insurance agent, also apparently disagrees with the manner in which the Company purchases insurance. The Company will continue its current practice of awarding insurance bids based on whether the bid is competitively priced, fair and in the best interests of the Company and its shareholders.

Mr. Michael served on the Audit Committee for the Company. Throughout the years that Mr. Michael has served on the Board, the Company appreciated his participation and contributions. The Company believes that continued diverse input from all directors best serves the interests of the Company and its shareholders.

#### ITEM 9.01. Financial Statements and Exhibits

##### (d) Exhibits

**17.1 Letter Dated February 10, 2006, from Harold K. Michael with attachments.**

**17.2 Letter Dated March 27, 2006, from Harold K. Michael.**

**SIGNATURES**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SUMMIT FINANCIAL GROUP, INC.

Date: March 30, 2006

By: /s/ Julie R. Cook  
Julie R. Cook  
Vice President and Chief Accounting Officer

[ *Transcription of Text of Handwritten Letter* ]

Harold K. Michael  
Post Office Box 220  
Old Fields, WV 26845

Enclosed is my official resignation from both Summit Boards effective February 10, 2006.

/s/ Harold K. Michael

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[ *Transcription of Text of Handwritten Letter* ]

Harold K. Michael  
Post Office Box 220  
Old Fields, WV 26845

2/10/06

Summit Board Members — After a call from Tom Hawse, I have spent the last several days more-or-less consumed with soul searching about the proper role of each one of us on the Summit Bank Board of Directors. I'm sure we all know of our fundamental fiduciary responsibility both individually and collectively to our stockholders. Perhaps because of my work in the Legislature as Chairman of the House Finance Comm., I have a higher standard than those who have never been in public service and who have never felt the constant pressure that working conscientiously for the State's Citizens inevitably creates. Maybe that's why I feel the utter sense of disappointment with the lack of discipline that I feel would be apparent to any third-party objective observer of this board's recent actions — or more accurately, inactions.

Since I have always considered myself an asset to the Board, a contributor to not only the bank itself, but to so many individual members with various personal, sometimes extremely private matters, it is with a great degree of sadness that I hereby resign from both Summit Bank Boards.

I have only one request in so doing: that the Board change the agent of record on the group insurance to Jim Cookman's agency. Frank Baer took all the other insurance when he first came on the Board, and Jim has not shared in any of the bank's business. I would hope that, as a matter of fairness, the Board would recognize that inequity and transfer the group account to Jim.

I also hope that the Board members — collectively and individually — seek answers to questions that I myself was frustrated to find unresolved, potentially real

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problems to the very integrity of Summit Bank itself. However, since I am resigning, this remains mere hope and not in any way a request. My days of requesting such fiduciary diligence from Board members are, thankfully, behind me.

Sincerely,

/s/ Harold K. Michael

Refer to Attachments #1 thru 6 which are to be construed as part of my official resignation from both boards. HKM

[ *Transcription of Text of Handwritten Letter* ]

[ Letterhead of Priority One Harold K. Michael Insurance ]

2/10/06

Tom —

Since you are chairman of the nominating committee, I am sending my resignation letter to you.

When valid differences of opinion are not tolerated on a board, I believe it is a symptom of a deeper underlying problem!

What apparently caused some “discomfort” (your word) to board members was not my opposing opinions but rather voicing those opinions out loud.

/s/ Harold

Attachment # 1

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Harold K. Michael  
Post Office Box 220  
Old Fields, WV 26845

August 19, 2005

Tom Hawse, Chairman Summit Fin. Group Audit Committee

Tom,

I have just received information that pertains to bank business that is disturbing to me.

It partly involves past construction done on my property and the possibility of co-mingling of the cost of my building with that of the bank. These projects were done apparently in the same time frame.

I recommend that an independent investigation be made into bank construction projects in this area of the state, billings of labor and materials, etc., to verify all amounts expended by the bank were legitimate and not diverted to other uses.

I also request that if any questionable, fraudulent or illegal activity is discovered, this information be turned over to the proper authorities for legal action.

Sincerely,

/s/ Harold

Harold

Attachment # 2

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[ Letterhead of Summit Financial Group ]

November 3, 2005

Mr. Harold K. Michael  
PO Box 220  
Old Fields, WV 26845

Dear Harold,

Please find attached a copy of the cover sheet for the memo I prepared for our Audit and Compliance Committee meeting in regard to your letter to me dated August 19, 2005.

I assure you we had a full and frank discussion of this matter and the committee was pleased by the manner in which this has been handled. The committee also agrees with my recommendations. When our new Audit Director is "on the job" we can address the internal control policy as needed.

Please note that I did not include the pages in support of my memo, as we considered them "confidential". However, I did include the attached excerpts (by me) from the original pages 2, 3, 4, 5 and 6.

Of course, you are welcome to review the original memo as presented to the committee. Please contact Teresa.

Respectfully,

/s/ Tom

Thomas J. Hawse III  
Chairman  
Audit & Compliance Committee

Attachment # 3

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**Memorandum**

To: Audit & Compliance Committee Members (Crites, Piccirillo, Huffman, Michael)

From: Thomas J. Hawse, III, Chairman

Date: November 1, 2005

Re: Construction Projects

Attachments: Pg. 1 — Letter from Michael  
Pg. 2, 3 & 4 — Report from Counsel  
Pg. 5 & 6 — Internal Controls, Bid Process, etc.

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Chairman recommends to Committee:

- 1) Review of expenditures concerning building projects in question likely would be inconclusive, expensive and not practical in light of “post office building” status, etc.
- 2) Committee may want to evaluate the internal controls in area concerning “capital projects”, bid process, etc. with guidance of our new internal auditor when she is “on the job”.
- 3) Chair welcomes your thoughts in regard to this matter.

Attachment # 4

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(Excerpts by Tom Hawse — Pages 2, 3 & 4)

Counsel Conclusions:\*

\* Omitted information is attorney-client privileged.

Attachment # 5

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(Excerpts by Tom Hawse — Pages 5 & 6)

Construction Project Policy:

There are 3 basic levels of control.

- 1) Time & Materials — Senior level employee review and approve bills as work is completed for projects under \$500,000.
- 2) Management consults with architect to get construction estimates and seeks bids from trusted contractors for contracts \$500,000 - \$1,000,000. Construction monitored by architect and senior level employee.
- 3) For projects over \$1,000,000, same as 2 above except this requires “Board” approval.

Also, on contracts that are bid, materials are property of contractor. However, on time and material projects, materials, etc. not used are returned for credit when possible.

Attachment # 6

[ *Transcription of Text of Letter* ]

Harold K. Michael  
Post Office Box 220  
Old Fields, WV 26845

March 27, 2006.

Summit Bank/Financial Group  
Moorefield, WV

To Whom It May Concern:

The March 3, 2006, filing by Summit Financial Group, Inc. on Form 8-K with the Securities and Exchange Commission, addresses, among other things, my resignation letter dated February 10, 2006, and the Company's conjecture as to why I resigned from the Company's Boards. The purpose of my response is to address some of the statements contained in that filing.

The Company asserts that "I resigned either because (i) [I] disagreed with the Board's decision not to re-nominate [me], (ii) [I] disagreed with the Company and the Board's decisions relating to an investigation conducted by the Company's Audit Committee into certain matters brought to the Audit Committee's attention by [me] in August of 2005, or (iii) [I] disagreed with the Company and the Board's decisions regarding the purchase of insurance for the Company." I want to state the reason for my resignation with clarity and simplicity. I resigned because I believe the Board has failed to fulfill its fiduciary responsibilities to the Company's shareholders to undertake an independent and comprehensive audit on matters involving the Company.

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I did not resign because the Board did not re-nominate me. This statement confuses cause and effect. I believe that I was not re-nominated because I requested an audit and this made certain Board members feel, in the words of Audit Committee chairman, Thomas J. Hawse, “uncomfortable” with me. The failure of the Board to undertake what I considered to be a comprehensive audit led to my resignation.

I did not resign because I disagreed with the Board concerning insurance matters. I retired as a Nationwide Insurance agent at the end of 2004, and therefore I had no personal interest in the Company’s insurance business. I did disagree with the Bank’s decision to enter the insurance field. I disagreed because I believe an ethical dilemma is created by the bank offering insurance to its customers. Envision the following scenario: a person applies for a loan. As the terms are being discussed and the client is awaiting the loan committee’s decision, the loan officer “pitches” an insurance policy. I believe this applies unfair pressure on the customer who might conclude that favorable loan terms and/or approval might be affected by the purchase of the insurance. To me, this is unfair. The Board disagreed. This philosophical disagreement, however, did not provoke my resignation. Additional, the Company referenced the practice of “awarding insurance bids based on whether the bid is competitively priced, fair and in the best interest of the Company and its shareholders.” I handled the Company’s health insurance for fifteen years and have been on the Board for more than ten years, and while I do not believe bids are necessary, in neither capacity have I been aware of or witnessed this practice of requiring bids for the Company’s insurance.

As for the Company's "investigation" of the matters that I brought to the attention of the Audit Committee, I believe the term "investigation," as used by the Company, requires clarification. First, the Company refers to the outside counsel who reviewed the information I submitted to the Audit Committee. The lawyer referenced in Summit's filing is the Company's retained outside counsel. The bank investigation was conducted by an attorney who was on retainer by the Company prior to the investigation, and to the best of my knowledge, remains on retainer by the Company today. Frankly, I believe this arrangement placed the attorney in a very difficult position and a truly independent person should have been appointed. Second, any audit must be independent from the influence and pressure derived from the entity it is auditing. My concern was, and is, that by allowing the Company's regular outside counsel to conduct this "investigation," there is at least the appearance that the necessary independence to properly investigate this matter was lacking.

Nonetheless, the Board did initiate its investigation. After two months, it issued a decision finding that based on the investigation there was no basis to undertake an external audit. The basis for this decision was that the Audit Committee did not believe that the expense and time involved in an external audit . . . "was justified because there was little likelihood an audit would result in reliable evidence fraud had occurred." Part of their benefit/cost analysis references a construction project in which the Company had already sold a building and recovered the full cost of the building. In other words, the Company got its money and the details just do not matter. It apparently did not consider other construction projects.

Additionally, to justify the failure to conduct an external audit, the Company makes reference to the fact that I did not assert “any evidence that any employee, executive, officer or Board member of the Company or its subsidiaries, was involved in any wrongdoing or misconduct relating to these matters.” I did not make such an accusation because I was unaware of any such facts to make such an accusation. I am disappointed that such an accusation is a prerequisite for this Board to justify an audit.

The Company’s response to my resignation also suggest that my request to the Audit Committee was fueled by a dispute I had with the same contractor over a construction project that took place at my residence. I resolved this dispute months ago in a professional manner upon terms that were acceptable to both parties. However, due to my dealings with this contractor, I was made aware of certain facts which may have had some bearing on the work of this contractor for the bank and which I felt obligated as a director and audit committee member to provide to the Audit Committee. The individuals who gave me the information did so at a great personal risk and only on the condition of confidentiality. Thus, I did not betray their trust when I approached the Audit Committee. However, I did provide additional information and facts in conversations with Mr. Hawse beyond what I wrote in my letter . . . information that certainly would have been relevant in an audit.

Other inaccuracies contained in the Company’s response to my resignation include a statement that I did not attend the November 2, 2005 audit committee meeting. To the contrary, I did attend the meetings on that date at both 10 am and 11 am.

At noon, I informed Mr. Hawse that I had another meeting with an individual from out of town, and therefore I had to leave. Upon receiving this news, Mr. Hawse advised me that the Audit Committee was going to discuss my letter before adjournment. I told him I had no idea it would be discussed on that date as more than two months had passed since I had submitted my letter.

I provided the information to the Audit Committee to uphold my fiduciary responsibility to the Company. For me, that responsibility required that I demand, and the Company perform, a truly comprehensive and independent audit of the situation. If such an audit had revealed no improprieties, then I would have breathed a sign of relief.

In my opinion, there was not an adequate comprehensive and independent audit performed. This is my reason for resigning from the Board.

Respectfully submitted,

/s/ Harold K. Michael

Harold K. Michael