



DIVISION OF  
CORPORATION FINANCE

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

June 13, 2003

Mail Stop 0408

Tom Turner  
President  
Summit Securities, Inc.  
601 West First Avenue  
Spokane, Washington 99201-5015

**Re: Summit Securities, Inc.  
Amendment to Form S-2 filed April 8, 2003  
File Nos. 333-100316 and 333-100317  
From 10-K for the fiscal year ended September 30, 2002  
File No. 001-16177**

Dear Mr. Turner:

We have reviewed your filing and have the following comments. Where indicated, we think you should revise your document in response to these comments. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

General comments applicable to the registrant and/or its affiliates

1. Please supplementally tell us whether Summit, Metropolitan and/or its affiliates are currently offering sales of its securities? This would include ongoing offerings previously registered under the Securities Act. If not, when did you cease all offerings? If these companies are continuing to offer its securities, please provide us with a table or chart identifying the issuer (i.e., Summit, Metropolitan, Old West, etc.), the date of sale, and the number of securities sold since October 30, 2002.

2. Given the nature and degree of changes between your annual and periodic reports filed on EDGAR and the draft amendments supplied supplementally, tell us what thought you have given to publicly filing amended reports.

#### Amendment to Form S-2 No. 333-100316

##### General comments on this filing

3. If Summit knows of any independent contractor that will be selling securities on behalf of Metropolitan Investment Securities, please include for Staff review copies of all marketing materials that will be used by any independent contractor. If no independent contractor will be selling or marketing your shares, please disclose.

##### Summary

4. In your response letter, you state that you are considering offering preferred stock of an insurance subsidiary. If material, disclose any impact the insurance subsidiary's offering would have on Summit purchasers.

##### Risk Factors

###### We may use the proceeds of this offering ... - page 12

5. In the title to this risk factor you state that you "may use" the proceeds from the offering to pay the principal and interest on previously issued debt and preferred stock offerings. However, within the risk factor you state that you "intend" to use the proceeds from this offering to pay maturing debt obligations as they come due. Additionally, in your response to comment #15, you state that you have no plans to become "free-cash flowing" and that you do not anticipate after-tax earnings being sufficient to cover fixed charges and maturing debt obligations through at least 2005. Judging from your disclosure and your financial position as of March 31, 2003, it appears to us that proceeds from this offering will be used to pay principal and interest on previously issued debt securities and preferred stock dividends. Further, future offerings will be necessary to continue this dependence on the sale of equity as a liquidity source. Please revise the subheading and text of this risk factor, as well as the cover page, to clarify this dependence.

###### Increased delinquency rates on commercial loans ... - page 15

6. Noting your response to comment #7 of our last comment letter, we continue to believe that a statement as to management's belief regarding any increase in commercial loans will be informative to the average investor. Given your response, we do not seek quantification. Rather, in management's judgment, will the default trend increase or decrease? If they anticipate - given market conditions - that it would increase, we would consider that materially relevant to this risk factor. Nonetheless, management's assessment as to the

direction of this as a business trend would need to be more fully addressed within Management's Discussion and Analysis, and/or Business discussions. Please tell us where we can locate management's MD&A analysis in that regard.

Foreclosure on mortgages could delay ... - page 15

7. We reissue comment #8 from our previous comment letter. Please disclose whether foreclosures have increased and by how much. Please also disclose whether management believes there will be a material increase in foreclosures on commercial loans.

Incorporation of Documents by Reference – page 29

8. Once you have filed the amendments to your Form 10-K and Form 10-Qs, please revise to specifically incorporate those amendments in this section. Provide signed, updated consents at that time.

Amendment to Form S-2 No. 333-100317

9. Please revise this prospectus consistent with the comments above.

Form 10-K for the fiscal year ended September 30, 2002 As Amended in Draft

Item 1. Business

General comments on this section

10. We note your response to comment #15 from our previous comment letter. Within the business section, please discuss the fact that you do not believe Summit will generate after tax cash earnings to be able to pay its fixed charges and maturities until at least until 2005. Further, disclose that management has not designated a plan or timetable by which Summit would be considered to be self-reliant or free-cash flowing.

Business Overview – page 3

11. We reissue comment #16 from our previous comment letter. Your annual report introduces your corporate structure, without any further explanation of its utility or need. Refer to the tables on pages 1 and 2.

In your explanation, please consider your discussion on pages 4-8 regarding your operations with affiliates. For instance, on page 4, you state that engaging in transactions with affiliates allows you to leverage existing capabilities and technology instead of creating duplicate functionality, which allows you to save costs. Further, on page 5 you state that Metropolitan provides Summit with "general management services needed to operate Summit's business." Page 5 goes on to state that Metropolitan provides Summit with services, "necessary to

acquire, manage and collect receivable investments.” It also appears that Metropolitan provides services to Summit that are necessary to operate its insurance subsidiaries. Additionally, on page 50, you state that Metropolitan pays part of Mr. Turner’s salary. We also note that at one point, Summit was a wholly owned subsidiary of Metropolitan. Given all of this, what benefit is derived from having Summit and Metropolitan now operate as two distinct corporate entities?

12. Please provide a complete discussion of the internal processes used by management to mitigate and avoid any potential conflicts of interest. Your current discussion simply references agreements with Metropolitan and that Summit may reject allocations that do not comply with its criteria. However, given that you share employees and executives with Metropolitan, compete with Metropolitan in certain areas, accept loans from Metropolitan and purchase receivables from Metropolitan, a more complete discussion is warranted. For instance, clearly disclose the role Summit officers have in the allocation process with regards to both Summit and Metropolitan. If officers of Summit are acting on behalf of Metropolitan when allocating receivables to Summit, aren’t they involved on both sides of the allocation? Does this create a conflict? If so, how is it resolved? We note that the president of Summit devotes 70% of his time to the business of Metropolitan. On page 7, you state that allocation of commercial loans is a joint decision between Summit and Metropolitan and in the last risk factor on page 17, you state that conflicts of interest may not be resolved in your favor. Please elaborate. Please clearly and succinctly discuss when Metropolitan will keep receivables for themselves and when they will allocate the receivables to Summit. Please disclose the level of review conducted by Summit. Further, disclose whether Summit has ever rejected a receivable allocated to it from Metropolitan. In short, discuss how an investor in Summit ensures that their best interests are being represented throughout all dealings with affiliated companies. Revise the “Summary” section of your S-2 as necessary. We may have further comment based on your response.
13. We note your response to comment number 19. Given the significance of related transactions, consider providing a brief explanation of how revenue and expenses are generated under each cross-servicing agreement. For example, Summit provides “real estate development services to Metropolitan for a fee.” Refer to the third paragraph on page 5. Is there a set formula or flat percentage fee that was memorialized in the filed exhibit? Refer to Exhibit 10.01. Consider disclosing the financial terms of your cross-servicing agreements with related parties throughout your discussion under “Operations With Affiliates.” If the fees and charges are derived ad hoc, please explain to us how that mechanism works.
14. On page 3, you state that in A.M. Best’s opinion, your insurance subsidiaries have an ability to meet its current obligations to policyholders. Please give the date of this opinion and whether there have been any material changes since A.M. Best issued its opinion.
15. On pages 5 and 6, when discussing your receivables acquisition agreements with Metropolitan, please disclose when Metropolitan would acquire a receivable for Summit as opposed to keeping the receivable for its own portfolio.

Item 7. Management's Discussion and Analysis

16. We note your disclosures added on page 23 in response to comment 33 stating, "During the fiscal year ended September 30, 2002, approximately 10% of our commercial loan receivables had exit fee arrangements averaging approximately 12% of the principal. However, due to relatively short duration of the agreements, only 2% of our commercial loan receivables had exit fee agreements being accreted into income as of September 30, 2002." Please revise your disclosure to address the following:

- a. Specify whether your first sentence was intended to state "During the year ended..." or "As of...".
- b. Explain whether the exit fee arrangements are for the same duration as the underlying receivables.
- c. Please more clearly explain why only 2% of the receivables had exit fees being accreted into income. Was it because
  - the previous exit fee arrangements had ended;
  - the remaining arrangements had not yet begun to be accreted;
  - accretion rates exceeded duration; or
  - some or all exit fees had been recognized at or shortly after acquisition.

We may have further comments on revenue recognition after reading your response.

17. Please address the following regarding your response to comment 23:

- a. For each of the delinquent commercial loans presented on page 36, revise to disclose the date of the latest appraisal received and supplementally provide us with a copy of each of the appraisals supporting the amounts presented as Estimated Net Realizable Collateral Value.
- b. Revise to disclose the date of the original loans for each loan presented.
- c. Supplementally tell us and revise to explain why the carrying value exceeds the Initial Loan Amount plus Accrued Interest for several of the loans.
- d. Revise to disclose the date that each of the loans entered bankruptcy or foreclosure proceedings.
- e. The information presented on page 36 indicates that delinquent commercial loan "A" is a second position mortgage. Revise to explain how the amount presented as Estimated Net Realizable Collateral Value for this loan reflects the claims of the primary mortgagor. Revise to disclose the amount of the primary mortgage including any accrued interest.
- f. Your disclosures about commercial loan "E" also indicate that some of the collateral is a second position mortgage. Revise to disclose separately the value of the primary collateral and the secondary collateral and to disclose the amount of the primary mortgage and its accrued interest.

18. We note the disclosure added on page 45 in response to comment 24.b. However, the disclosure only appears to address the situation of declining annuity sales and also only addresses the impact as being a potential reduction in assets and earnings. Revise to separately address the situation of level annuity sales.

19. Please revise to clearly explain the impact of both declining and level annuity sales on your liquidity and cash flows, including your ability to meet your maturities, interest & dividends requirements.

Liquidity and Capital Resources – page 44

20. When discussing your liquidity, please disclose, with quantification, the impact of dividends paid to Summit from its insurance subsidiaries.
21. When discussing your capital and regulatory considerations on page 46, please disclose whether any subsidiary is restricted from paying dividends due to a lack of surplus funds. Please also disclose whether there is any known trend, demand, commitment or uncertainty that will prevent your subsidiaries from being able to pay a dividend to Summit in the next fiscal year. Refer to Item 303(a)(1) of Regulation S-K.

Item 13 – Certain Relationships and Related Transactions – page 51

22. Tell us how you derive the discount rate for related transactions. Refer to the last three paragraphs on page 52.

Consolidated Financial Statements

Note 1. Summary of Accounting Policies

Allowances for Losses – page F-11

23. Please address the following regarding your response to comment 28, which indicates that you do not believe you are subject to the AICPA Audit Guide for Finance Companies and that you believe your revenue recognition policies are appropriate:
- a. We note that both Summit and Metropolitan were heavily involved in Consumer Finance Activities as defined in paragraphs 1.03 – 1.07 of that Audit Guide through 2001. You subsequently engaged in greater levels of Commercial Finance Activities similar to those described in paragraphs 1.13 – 1.14. Accordingly, we continue to expect you to follow the guidance of paragraphs 2.16 – 2.18 of that Audit Guide. Please revise your financial statements accordingly.
  - b. Your current policies do not appear to comply with the guidance of Staff Accounting Bulletin Topic 13:A.1 which states that interest amounts for which collectibility is not reasonably assured may not be recorded as interest income. Please revise your interest income policies to comply with this guidance by ceasing to accrue interest once a receivable becomes 90 days past due and revise your financial statements accordingly. It is unclear how you could be reasonably assured that the interest continues to be collectible on your delinquent receivables that are in bankruptcy and/or foreclosure proceedings given the uncertainty of such proceedings.

24. As correctly noted in your responses to comments 29 & 30, the transfers of the shares in Metropolitan and Consumers between members of a control group did not represent business combinations. Paragraphs D11-D12 of SFAS 141 and AIN #27 & #39 of APB 16 indicate that transfers of assets or equity interests (all or partial) should not be accounted for as business combinations. Such guidance indicates that instead of treating a transfer under common control as a business combination, a registrant should follow the guidance by accounting for the transfer of equity interests (all or partial) in a manner similar to a pooling of interest. Further, it would appear that gain recognition is not appropriate for such transfers under common control because no true realization has taken place if the interests are controlled by the same parties both before and after the transaction in question. Refer to paragraphs D11 – D18 of SFAS 141. Please revise your financial statements accordingly for your purchases of the shares of Metropolitan and Consumers from members of the control group, as well as the minority interests in Consumers that you sold to Metropolitan in 2002.

Note 7. Deferred Costs – page F-25

25. We are evaluating your response to comment 34 regarding your analysis of gross profits for DPAC. Please provide us with a revised analysis of gross profits that gives effect to your policy changes in response to our comments above regarding your interest income recognition on delinquent loans. Revise your analysis to address the significantly higher losses evidenced by the provision reported for the periods ended March 31, 2003.

**Form 10-Q and Form 10-Q/A for the quarters ended December 31, 2002 and March 31, 2003**

26. Please revise each Form 10-Q to include the comments above as applicable.
27. Use of your company names remains confusing and difficult to follow. Please revise so that an investor can easily understand Summit's business and its relationship with Metropolitan. Further, avoid usage of the term "the Consolidated Group."

**Form 10-Q for the Period Ended March 31, 2003**

Management's Discussion and Analysis

28. Please revise to provide an updated version of the information provided on the 5 delinquent commercial loans discussed on page 36 of your Form 10-K As Amended.
29. Please revise your MD&A to more clearly identify the triggers for your increased provisions for losses. Explain the events that occurred during the quarter for the significant loans that resulted in these charges.

30. Your presentation of the Amortization of Deferred Policy Acquisition Costs on page 16 indicates that amortization was constant at \$2.1 million for the six months ended both March 31, 2002 and 2003. Supplementally tell us why amortization would be constant in light of the significant increases in amounts capitalized?
31. Your excesses of capitalization over amortization for the six months and three months ended March 31, 2003 appear inconsistent with the significantly increased provision for losses of \$8.1 million. The increased provision should negatively affect your analysis of future gross profits. Please provide us with your revised gross profit analysis which gives effect to these higher losses on your receivables.
32. Please revise your Liquidity section to discuss how regulatory compliance or contractual provisions limit your insurance subsidiaries' ability to pay you dividends. Discuss the current capital situations of those insurance subsidiaries as well as any restrictions on their dividends. Clearly explain the impact of any inability to pay dividends on your own cash flows and your ability to meet your maturities.
33. Please revise your MD&A to discuss the impact on your cash flows as well as your ability to make your maturing cash requirements should Metropolitan enter bankruptcy proceedings. Revise to discuss the current cash flow pressures afflicting Metropolitan, and explain how you have considered their impact on Summit.
34. Please revise your disclosures about your line of credit from Metropolitan on page 27 to provide the same disclosure here as you added on page 24 of the Form 10-Q/A in response to our previous comment 40. Please carry forward this disclosure in your future filings as applicable.

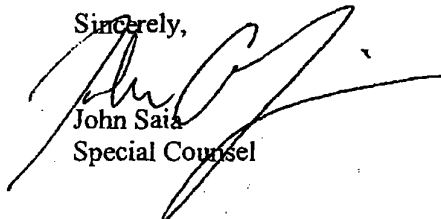
\* \* \*

#### Closing Comments

As appropriate, please amend your registration statement in response to these comments. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments and provides any requested supplemental information. Detailed cover letters greatly facilitate our review. Please understand that we may have additional comments after reviewing your amendment and responses to our comments.

You may contact Kevin Vaughn (202) 942-1816 or Don Walker, Senior Assistant Chief Accountant at (202) 942-1799 if you have questions regarding comments on the financial statements and related matters. Please contact Michael McCoy at (202) 942-1908 or me at (202) 942-2865 with any other questions.

Sincerely,

A handwritten signature in black ink, appearing to read "John Saia", is written over the typed name and title.

John Saia  
Special Counsel

cc: Michael J. Zieg, Esq.  
Kutak Rock LLP  
1801 California Street, Suite 3100  
Denver, Colorado 80202