F&M BANK

507-723-4800
Fax 507-723-4228
101 N. Marshall Avenue
Springfield, MN 56087

507-249-3166
Fax 507-249-3327
101 Vernon Avenue
Morgan, MN 56266

September 19, 2005

rec'd 9/23/2005
SFRO - FDIC

FDIC – San Francisco Regional Office
Regional Director John F. Carter
22 Jessie Street at Ecker Square, Ste. 2300
San Francisco, CA 94105

Dear Mr. Carter:

Farmers & Merchants State Bank thanks you for the opportunity to comment on the Wal-Mart application for FDIC Insurance. Farmers & Merchants State Bank strongly opposes Wal-Marts application for many reasons. Mixing banking and commerce is bad public policy that could jeopardize the impartial allocation of credit and create conflicts of interest. Secondly, financial institutions should not use the financial services business to sell commercial products. Imagine a Wal-Mart Bank disfavoring small businesses that compete with Wal-Mart and favoring Wal-Mart suppliers in credit decisions, or requiring Wal-Mart suppliers to bank with the Wal-Mart Bank.

Wal-Mart also has a history of de-stabilizing communities. With its vast resources, it could drive out community banks, just as it has driven out community grocery stores, pharmacies, and hardware stores. Minnesota has a long tradition for outstanding community banking. The community banks are truly the heart and soul of their communities. Whether it's the financial commitment or community involvement, the community banks are the economic catalyst lending their expertise to causes that improve their communities. Our bank questions whether Wal-Mart would have the same commitment or dedication. If Wal-Mart is allowed into the banking business the results could be disastrous. Please look at the long term ramifications to the banking industry as you make your decision and reject the Wal-Mart application for FDIC insurance.

Sincerely,

Paul D. Pieschel
President
Farmers & Merchants State Bank
Springfield, MN 56087