

Item 1 – Cover Page



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Form ADV Part 2A-Disclosure Brochure

March 7, 2012

This Brochure provides information about the qualifications and business practices of Financial Asset Management Corporation [“FAM”]. If you have any questions about the contents of this Brochure, please contact us at (212)239-7777 or skahan@famcorporation.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Financial Asset Management Corporation is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Financial Asset Management Corporation also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and/or subsequent Brochures within 120 days of the close of our business' fiscal year. We have had no material changes since our last annual update dated March 21, 2011.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Scott M. Kahan, President at (212)239-7777 or skahan@famcorporation.com. Our Brochure is also available on our web site www.famcorporation.com, also free of charge.

Additional information about Financial Asset Management Corporation is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with FAM who are registered, or are required to be registered, as investment adviser representatives of FAM.

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Item 4 – Advisory Business

Financial Asset Management Corporation is a registered investment advisor with the U.S. Securities & Exchange Commission. Founded in 1986, by its Principal owner Scott M. Kahan, Financial Asset Management Corporation is a fee-only financial planning and wealth management firm providing personalized services to individuals, families and small businesses.

Wealth Management Program

Wealth Management is the process of meeting your life goals through the development and proper management of your financial resources. Life goals may include buying a home, saving for college, planning for retirement, or wealth accumulation. Our Wealth Management services include both Financial Planning and Investment Management on an ongoing basis.

Financial Planning

Financial planning is an all-inclusive process, requiring review and analysis of all aspects of your financial situation that can include:

- Cash Flow*
- Tax Planning*
- Retirement Planning*
- Education Planning*
- Estate Planning*
- Investment Analysis*
- Insurance Review*

The financial planning process consists of a series of steps taken to help you, our client, accomplish your goals.

1. We work with you to identify *your* objectives
2. We gather the information pertinent to *your* overall financial situation such as income, expenses, taxes, insurance coverage, retirement plans, investments, wills and trusts
3. We review *your* current financial situation based upon the information we have gathered
4. We provide recommendations and strategies for achieving *your* goals
5. We assist *you* in implementing the recommendations
6. We monitor *your* plan on an on-going basis for needed changes

Investment Management

FAM provides on-going investment management services to our clients. Our philosophy relies on a long-term investment strategy determined by your needs and objectives. Utilizing allocation strategies, our client portfolios are diversified to minimize sector and industry risk. FAM may use any of the following securities to achieve this objective: stocks, bonds, mutual funds, index funds, leveraged index funds, closed-end funds, exchange traded funds and other publicly traded securities.

During the financial planning process, we determine the portfolio model that is needed to meet a client's goals. We then use a risk tolerance questionnaire to help determine the level of risk a client is comfortable with. We will then discuss with a client the results to determine the appropriate investment model to implement.

Investment management services are provided on a discretionary or non-discretionary basis.

As of February 29, 2012, FAM's Assets Under Management totaled \$125,238,788:

\$92,736,449 Discretionary

\$32,502,339 Non-Discretionary

Item 5 – Fees and Compensation

FAM provides services on a Fee-Only basis. At no time does FAM or any associated person receive compensation from securities, insurance or other financial product sales.

The specific manner in which fees are charged by FAM is established in a client's written agreement with FAM. After the initial fee, FAM will bill its ongoing fees on a quarterly basis in arrears. Clients may also elect to be billed directly for fees or to authorize FAM to directly debit fees from client accounts. Accounts terminated during a calendar quarter will be charged a prorated fee. (A 30 day notice is required when terminating an account.)

Fees for Wealth Management

The fees are based on the value of the Investable Assets* at the time of the engagement and may be adjusted at the end of three years and every three years thereafter based on Advisers' formula at that time.

After the Initial Fee, a fixed quarterly retainer fee, paid in arrears, is based on the following schedule:

Investable Assets up to	Initial Fee	Quarterly Fee
\$300,000	\$2,500	\$1,000
\$400,000	\$2,500	\$1,250
\$500,000	\$3,000	\$1,500
\$600,000	\$3,500	\$1,750
\$750,000	\$4,000	\$2,000
\$1,000,000	\$4,500	\$2,250
\$1,250,000	\$5,000	\$2,500
\$1,500,000	\$5,500	\$2,750
\$1,750,000	\$6,000	\$3,000
\$2,000,000	\$6,500	\$3,250

Above \$2,000,000: Additional \$500 initial fee and \$250 per quarter for each additional \$250,000 of Investable Assets

In some cases, FAM's legacy clients may be receiving the same services but charged based on assets under management ranging from .60% to 1.00% annually. For these clients, management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter.

Initial Fee is due at the time the Agreement is signed. Ongoing fees will be billed quarterly in arrears.

***Investable Assets** are investment assets over which Client has control, such as investment accounts, IRA's, employer sponsored retirement accounts, stock options, bank accounts, etc. Real estate is not included as an Investable Asset. Note: The investable assets may be under FAM's direct supervision or done on a consulting basis as part of the financial planning element of the Wealth Management Program. Additional fees may be charged for business or real estate analysis.

Financial Planning Program

For clients who require Financial Planning services only, the fee will be \$2,500 for the first 6 months and \$375 per quarter thereafter, billed in arrears. This service is designed for clients who generally have less than \$200,000 of investable assets. This service is limited to ongoing financial planning and does not include ongoing investment management services.

Financial Planning fixed fees are paid as follows:

\$2,500 due at the time the Agreement is signed.

Ongoing quarterly fees will be billed quarterly in arrears.

It is up to the FAM adviser to determine the level of services needed for a client. Fees, at times, are negotiable and based on the complexity of the plan or project and the range of services provided.

Additional Fees and Expenses

FAM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to FAM's fee, and FAM shall not receive any portion of these commissions, fees, and costs.

Termination Provisions

A client has five (5) full business days after entering into an Agreement in which to cancel and obtain a full refund. Either party at any time upon receipt of 30 days written notice may terminate services. Upon termination, FAM will be paid any fees earned from the end of the previous quarter through the date of termination.

Item 6 – Performance-Based Fees and Side-By-Side Management

Financial Asset Management Corporation does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

FAM provides Wealth Management services to individuals, high net worth individuals, small business owners and their pension and profit-sharing plans. FAM does not have a minimum amount that needs to be managed, but rather has a minimum fee as described in Item 5 regarding FEES.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

FAM has various model portfolios that are used to manage client assets. To determine these models, FAM uses fundamental and cyclical analysis to determine asset allocations. This information is derived from financial news available (both print and on-line), 3rd party research that FAM subscribes to, and annual reports issued by companies and investment firms (such as mutual fund companies).

In most cases, FAM is utilizing mutual funds and ETF's in its model portfolios. At times, individual securities can be used to meet client objectives. FAM does not use option writing and other aggressive strategies, but the managers of the mutual funds in a client portfolio may at times use various strategies that FAM itself would not use. These strategies would be explained in the prospectus issued by the investment company.

The strategies used by FAM are long term in nature (held more than a year). At times, short term purchases and sales can occur.

Investing in securities does involve risk to principle that clients should be prepared to bear. Clients are encouraged to review the prospectus and reports issued by the investment companies.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of FAM or the integrity of FAM's management. FAM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Associated person Valerie Lasher-Adelman is the owner of Chestnut Financial, LLC, a firm that provides tax preparation services. At times, clients of FAM will be referred to Chestnut Financial, LLC for tax preparation. Reciprocally, clients of Chestnut Financial, LLC may be referred to FAM for Wealth Management or Financial Planning services.

Clients are under no obligation to use the services of Chestnut Financial. The tax preparation services provided by Chestnut Financial are separate and distinct from the advisory services of FAM, and are provided for separate and typical compensation. Clients are billed by each firm separately for the services provided. While these individuals endeavor at all times to put the interest of the clients first as part of FAM's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest.

Item 11 – Code of Ethics

FAM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at FAM must acknowledge the terms of the Code of Ethics annually, or as amended.

FAM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which FAM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which FAM, its affiliates and/or clients, directly or indirectly, have a position of interest. FAM's employees and persons associated with FAM are required to follow FAM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of FAM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for FAM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of FAM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of FAM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between FAM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with FAM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. FAM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

FAM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Scott M. Kahan.

It is FAM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. FAM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Investment Discretion

Clients of FAM who elect to be considered Discretionary accounts grant FAM the authority to select the amount of securities to be bought or sold without specific client consent.

For those clients who elect to be considered Non-Discretionary accounts, FAM must obtain client consent prior to buying or selling securities. Non-Discretionary clients may give prior authorization to allow FAM to sell securities without prior consent if there is a concern of undue risk to a security in the portfolio. By allowing FAM to sell, this will not cause FAM to view the client account as Discretionary. Any securities to be bought will need consent from the client.

Soft Dollars

FAM has custodial and brokerage relations with Charles Schwab & Company, Inc. ("Schwab"), a FINRA registered broker-dealer (member SIPC), through its Schwab Advisor Services division. This relationship is to custody assets and effect trades for clients' accounts. FAM is independently owned and operated and not affiliated with Schwab.

Clients may specify which broker-dealer to use or FAM may make recommendations. In most cases where applicable, FAM recommends that Clients maintain accounts with Schwab. Generally, these recommendations are based on the Adviser's perception of the breadth of services offered, and quality of execution. However, the client may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. Clients are advised that they are under no obligation to act on the recommendations of the Adviser.

Schwab provides software and other technology that assist FAM in managing and administering accounts. This includes but is not limited to electronic trading, account forms and applications, trading authorization, accounting and reporting, and other relevant administration and support services.

FAM has arrangements with Schwab to waive some charges for access based on total client assets under management. Such arrangements for the use of these services provided by Schwab could be defined as "soft dollar" services.

The term "soft dollars" refers to the amount by which the commission paid by an investment manager exceeds the lowest commission rate available from other broker-dealers for basic execution services. The Adviser may use these "soft dollars," which are generated by its clients' trades, to pay for research and enhanced brokerage services that it receives from or through the broker-dealers whom it engages to do securities transactions. The products and services available from broker-dealers include internally-generated items such as in-house research, and services obtained by the broker-dealer through third parties (e.g. quotation equipment, etc.).

Under the "safe harbor" afforded by Section 28(e) of the Securities Exchange Act of 1934, as amended, the Adviser's use of soft dollars generated by its clients' commissions to acquire research and brokerage services is not a breach of the Adviser's fiduciary duties to its clients--even if the brokerage commissions paid are higher than the lowest available--as long as (among certain other requirements) the commissions being paid are reasonable in relation to the value

of the brokerage services and the research services obtained. Section 28(e)'s "safe harbor" generally is not available where transactions are effected on a principal basis, with a markup or markdown paid to the broker-dealer, for transactions in futures and related futures interests, or for services or products that do not constitute research or brokerage services.

- Although many of the benefits and services the Adviser uses soft dollars to acquire are believed to be within Section 28(e)'s safe harbor provisions, the Adviser also expects to use soft dollars to pay for certain research and brokerage services that do not fall under the safe harbor provisions of Section 28(e). Payments of soft dollars outside the Section 28(e) safe harbor do not necessarily involve a breach of fiduciary duty.

The Adviser believes the foregoing services benefit its clients, but they do not benefit clients exclusively. These benefits also are available to the Adviser in connection with transactions in which some or all of its clients may not participate.

The availability of these services, and the Adviser's relationships with broker-dealers that provide soft dollar services influence the Adviser's selection of broker-dealers to provide services to its clients, and create conflicts of interest, both in allocating brokerage business between firms that provide soft dollar services and firms that do not, and in allocating the costs of mixed-use products between their research and non-research uses. These conflicts of interest are particularly influential to the extent that the Adviser uses soft dollars to pay expenses it would otherwise be required to pay itself.

Item 13 – Review of Accounts

Investment accounts are reviewed each quarter for needed changes based on the client portfolio model. More frequent reviews may be triggered by market, economic and/or political events. A change in the client's situation may also cause a review more frequently.

Investment reports sent to clients will provide portfolio performance and allocation. Clients have the option of receiving either monthly reports that are available on the FAM website in a secure client section or quarterly reports that are sent via the U.S. Postal Service. Scott M. Kahan, CFP® and Viktoria Kamin, CFP® are the advisers responsible for reviews at this time.

Client's financial planning needs are addressed periodically during the year. Updates can either be written reports or discussions regarding specific planning needs a client may have. Reviews are performed by the adviser assigned to the client.

Item 14 – Client Referrals and Other Compensation

Besides receiving referrals from clients, at times, other professionals will refer clients to FAM. FAM has no special arrangements with these professionals and provides no additional compensation to anyone referring clients to the firm.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FAM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

FAM manages assets on a discretionary or non-discretionary basis. When managed on a discretionary basis, FAM receives authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. If client prefers for FAM to have a non-discretionary relationship, all transactions will be approved by client before being completed.

When selecting securities and determining amounts, FAM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, FAM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Any additional investment guidelines and restrictions must be provided to FAM in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, FAM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. FAM may provide advice to clients regarding the clients' voting of proxies. Clients should contact Scott M. Kahan with questions regarding any proxies they may have.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about FAM's financial condition. FAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. FAM does not require prepayment of more than \$1,200 in fees six months in advance.