

The Critical Flaw: How to Profit and Protect Wealth in History's Greatest Opportunity

Alan P. Chan

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Taking its title from congressional testimony by Alan Greenspan, a former chairman of the Federal Reserve, this fascinating work on currency, global debt, and the gold standard presents a unique viewpoint that runs counter to prevailing economic pronouncements about investments. It offers compelling advice on how individuals can protect their financial health by acquiring precious metals.

In his 2008 testimony, Greenspan noted a flaw in the economic model he previously thought defined how the world works. Greenspan was referring to the ability of banks and markets to regulate themselves—an ideology he admitted went wrong with the 2008 economic meltdown. In his first book, *The Critical Flaw: How to Profit and Protect Wealth in History's Greatest Opportunity*, Alan P. Chan is using this Greenspan quote to assert his belief that the “critical flaw” presents a great investment opportunity. Chan says that gold and silver, rather than traditional currency, will be part of an enormous wealth-transfer system and that those who recognize the potential shift will benefit.

As a former wholesaler of gold and silver, the author has a unique perspective from the inside. In presenting research and evidence of money's shaky foundation as an economic driver, Chan's insight is enthralling.

With a straightforward, accessible writing style that conveys his obvious passion for the topic, Chan articulates important points of economic theory without becoming too abstract. He covers topics like inflation, quantitative easing, the “fiscal cliff,” and the global debt crisis with clarity and purpose.

This background information is crucial to understanding the author's main message—that traditional investments are doomed to fail because the concentration of wealth is whittling down to central banks and government overseers, which causes “the economy, society, and civilization to decline.” In Chan's view, only physical gold and silver will be valued in a broken economic system because, historically, prices of these precious metals rise during times of economic uncertainty and inflation.

When his real estate portfolio lost seventy-five percent of its value in 2008, Chan learned firsthand how dangerous these bubbles can be. In trying to recover from that major setback, he became an advocate of wealth protection in the form of precious metals. Subsequent years spent researching the financial system and macroeconomics resulted in his theories, which act as a clarion call to those with concerns about more bubbles in the future.

Although there are many who advocate hoarding of gold and silver coins in case of economic collapse, Chan is unique in providing an extensive history of past economic meltdowns and explaining the role of precious metals during different eras. This feels far more like an Econ 101 lecture than a sales pitch.

Particularly helpful is that Chan covers different types of gold and silver, so readers can begin purchasing with a strong knowledge of the unique attributes of items like collectible coins, gold bullion, and gold and silver stock. For example, he cautions against overzealous acquisition of collectible coins, since the value of those items is in their rarity, which won't matter much during a time of economic collapse.

Well-argued and ultimately quite persuasive, Chan's comprehensive guide to precious-metals investment is likely to spark discussion about economic models and the gold standard's potential return. If the next gold rush begins, readers of *The Critical Flaw* will have all the information they need to be ready.

ELIZABETH MILLARD (April 10, 2013)

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