Silicon Valley's Corrupt Underbelly: It's Far Worse Than We Thought And California Senators Are At The Heart Of It

- Stanford University trains kids to be assholes and California government supports them as they become adult scum-bags!

By Rob Enderle

After addressing the topic of sexual harassment and misconduct in Silicon Valley last month, I finally got my hands on a copy of Brotopia, an eye-opening new book, and a lot of executives should be happy I did not pursue my career in law enforcement. Otherwise I would be working my butt off to get them off the streets behind bars.

Everyone connected to tech — especially investors, employees or customers of tech firms — should read this book. Specifically, for investors, it will give you insights into a level of extreme avoidable risk that has not been factored into the market — at least not yet.

If I were interested in developing a strategy either to ensure a Republican win in the mid-term elections or to move the center of tech to China, India, South Korea or Israel, this book would be invaluable.

That's because it highlights how easily most of the men and some of the women in the book could be blackmailed (given the nature of China, North Korea and Russia, perhaps that's already happening to some of them). That could be one of the reasons Russia's fake news effort was so successful during the last election, and why its expected larger effort in the coming elections once again could succeed.

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TESLA CARS KILL KIDS[/caption]
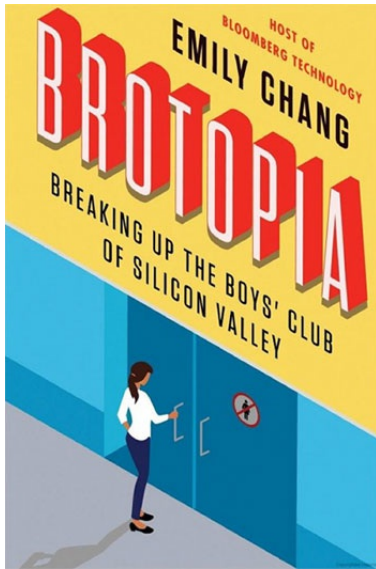
You'll read about justifications for sordid behavior that mostly comes down to "I have the power, so the rules don't matter." You also will find that even though men drive these things, some women have been turning them to their advantage.

The book is one of the best-referenced books I have ever read. It is an easy read, but you will find it deeply upsetting (assuming you are human), and it might motivate you to act. It is, however, light on what we should do about the problems, which is why that is my focus.

Read the book. It could save your job, protect your mental health (particularly if you avoid becoming a victim), and give you ideas about how to protect not only yourself but also the important women in your life.

Analyzing the Problem

Analysts look, or should look, at problems differently from others. When we are doing the job correctly, we are expected to ignore the outcomes of a problem and focus instead on the causes and dependencies, in order to estimate collateral damage from both the problem and any fix. The more senior of us are expected to come up with a viable solution. By "viable," I mean something that is within the realm of possibility to execute.

Taking this objective view isn't always easy. In this case, I found it hard to put aside my growing anger while ready Brotopia and found it increasingly hard to think of the perpetrators of the described abuses as anything but demons.

The likely reactions of those who learn about abuses is itself a problem. I personally have good impulse control, but last week's shooting in Florida is a reminder that others don't. I expect that if I were to find that my sister, nieces or wife had been abused in some of the ways this book spells out, my restraint might not be adequate. Consider this recent Olympics-connected incident. I doubt there are many fathers who wouldn't do the same, though likely not in court.

Identifying the Causes

I'd place the primary causes of this bad behavior into four areas.

First, the perpetrators are people who had little power and an excessive focus on sex early in life. These people then accumulated power, some of them massive amounts, that they were neither prepared for or trained to wield.

Second, human resources organizations, which initially were created as a barrier to unions (as alternative advocates for employees), have evolved into weak compliance organizations. The result is that they are far better at covering up problems like this than they are at mitigating them. In fact, I'd argue that many have become enablers for abuse and harassment in large companies. VCs, where a significant amount of these abuses have been occurring, typically don't have HR.

Third, unions don't exist in the tech market, and women are not yet organized to respond to this threat collectively. This is like the way it was before the birth of unions, a time when male workers also were treated as cheap disposable assets.

Fourth, women have not yet realized or capitalized on the power they have. They often have flawed champions (politicians, attorneys, etc.) whose true motivations are questionable, and many continue to allow men to make critical decisions for them — for example, right to life vs. choice. Women have more buying and voting power than men do, and they could use it for devastating effect if they chose to. I expect we are closing in on either a trigger event or the identification of a trigger event.

Dependencies/Collateral Damage

The activities described in this book have been embraced by some of the most powerful individuals in the world. They are people who work at Tesla, SpaceX, Google, and a broad cross-section of the VCs. Other major power players are connected to this bad behavior in many ways.

An uncontrolled purge, kind of what has been happening in the entertainment industry, could be devastating to the technology industry — and particularly, Silicon Valley. That collapse would shift billions of investments in technology out of Silicon Valley, California and the U.S., with a devastating impact on local, state and federal tax revenues. It would allow hostile governments with poor human rights reputations to point to the U.S. as their equal.

Shifts in customers — particularly government and major brand shifts away from the identified firms — would be massive. I'd place Oracle, given its model and culture, as the most at risk, followed by Google and Facebook.

Google once was linked tightly to President Obama, making it an ideal political target. Facebook's risk is greater proximity to the Russian election-tampering probe and the other bad players, rather than any identified bad behavior by its people.

Both Google and Facebook already have been called out as likely targets by the incoming FTC chair, making them ideal examples for attack.

What this means is that if corrective action were taken in an uncontrolled fashion, the collateral damage in terms of jobs, income and California/U.S. revenues would be catastrophic.

My Recommendations

HR and internal audit in firms, both in the tech industry and buying from it, need to be staffed up and missioned both to mitigate or eliminate the behavior and to protect the firm's assets. This means that executives, board members and employees who actively have been taking part in abusing women employees and customers need to be identified and terminated for cause.

In addition, buying agents who are cutting deals in exchange for sex or any other bribe need to be identified, the contracts reviewed, vendor penalties assessed, and either/or both

terminated and charged criminally for their behavior. Anti-drug polices, fraternization policies and enforcement methods need to be reviewed and strengthened as needed.

Crisis teams need to be ramped up, prepared for the related required disclosures, and funded to deal with the coming image and brand damage at scale. This is not just for the tech companies, because vendors and customers that have major recognized brands will be dragged into the resulting press crapstorm through employees involved with any of sex parties or sex for business sales efforts.

I also would expect hosts of revealing pictures (cellphones are common and 360-degree cameras growing) to drive the entry of major legal players, like Gloria Allred, targeting where the pockets are deep and legal defense is light. VCs would be the easiest targets, but a major brand like Apple, Google or Facebook also would be very attractive.

Boards must get it on the record that executives have been questioned about this behavior and reminded that it would result in immediate termination. They must terminate the executives who have indulged in it. Recall that a considerably smaller incident critically damaged HP.

Women either should exit the industry or formally organize. However, this should be done in a measured fashion, and the effort — for lack of a better term, "union of women" — should be led by a qualified person who wouldn't use it as a stepping stone to becoming U.S. president (because that would introduce conflicts). I'd recommend starting with this as a foundational model.

As a side note, that may make the woman leading this the best actual candidate, because she could use that position to fix the problem. (I believe it is better to have a politician who is using the job to fix a problem like this, over one who is using the problem to get the job.)

Wrapping Up: Peter Thiel – Sodom and Gomorrah

As I was writing this, thanks to Peter Thiel's announcement, one other recommendation came up. I am far from religious, but when reading the book, the story of Sodom and Gomorrah came to mind. In that story, Lot got out and because he did not look back, he survived.

I think Peter Thiel's decision to move out of Silicon Valley puts him in the role of Lot, suggesting that the final recommendation is to get your headquarters and brand out of Silicon Valley before this all blows up.

While it may be an explosion seemingly in slow motion at the moment (the book highlights an impressive number of past terminations), all it will take is an underage girl claiming rape against a high-profile executive, an abused woman's spouse/father/son going postal on her abuser, or a death to cover up a rape, to trigger a catastrophic outcome for Silicon Valley and everyone in it.

Every sex party and incident of abuse is effectively Russian Roulette — and based on the book, that gun is attempting to fire far more than once a day.

One final thought: Even if you take the abuse and illegal drugs out of this, the level of absolute stupidity behind this abusive behavior is unprecedented. Do you really want your money, your firm's future, and your brand connected to this lack of brain power?

Would you rather, when this goes, talk about how you anticipated and addressed the problem, or look like an idiot for not seeing it going on seemingly in front of your face? This could blow this week or next decade, but when it finally goes, it likely will go big.

My mother died so that I could live. Other women raised me — they cared for me when I could not care for myself. I wouldn't be where I am if it weren't for my wife, and I could do no less than stand with women on this. To others of my sex, we too need to stand up and be counted.

This abusive behavior must end.

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- These are the children of the 1970s, the era that jettisoned the morality of the 1950s. I remember then the discussion that "morality can't be legislated" as laws and mores controlling drugs and sex couldn't and shouldn't any longer invade one's personal life. Now, here we are 40 years later and we're wanting again control over people's personal lives. Back then, the internal locus of control was reinforced by the external. Now, external heat is being applied to people with no internal controls (that was destroyed by "moral relativity"), and we expect positive results?

  To solve this… You can't just tell people "do better" when they are presented with a temptation that just can't be passed up. And you can't just lock everyone up–the one's doing the locking are just as corrupt (look what happens in China). You have to go back to the internal, requiring a profound internal change in individuals–a voluntary change of affiliation (re: Bob Dylan "Who You Gonna Serve?")

- Nothing in this world works like we think it does. The world is not what we think it is. Its all a massive lie, all of it. Its only held up by total ignorance from the masses. These kind of people dont goto jail, they are in the club, you are not, I AM not. Live you life, be good, dont screw people over, and be as independent as you can possibly be.

Silicon Valley has never been a land of peace. The major technological breakthroughs of modern times go hand in hand with scams, data leaks, abuses, and other misconducts. The biggest of them are usually related to tremendous amounts of money invested, wasted, or paid as a fine and, thus, pique a wide public interest. But this is not the only reason why people around the globe give a lot of attention to the events happening in that area. Silicon Valley is a tech hub of the world so any disturbances there impact the entire industry.

To keep you in the loop, we collected the most outrageous scandals of 2018 – 2019 every tech entrepreneur should know about.

1. Theranos: from the healthcare revolution to $9 billion scam

2. Facebook major data scandal and #DeleteFacebook movement

Theranos: from the healthcare revolution to $9 billion scam

Theranos is the tech company that was founded in 2003 by the former Stanford chemical engineering student Elizabeth Holmes. At that time, she was only 19. But her life-long fear of needles, as well as summer stint in a laboratory of the Genome Institute of Singapore, inspired her to invent the revolutionary healthcare technology. It should have required only a few drops of blood, 100 to 1,000 times less than the standard amount in medical practice, to perform hundreds of diagnostic tests.
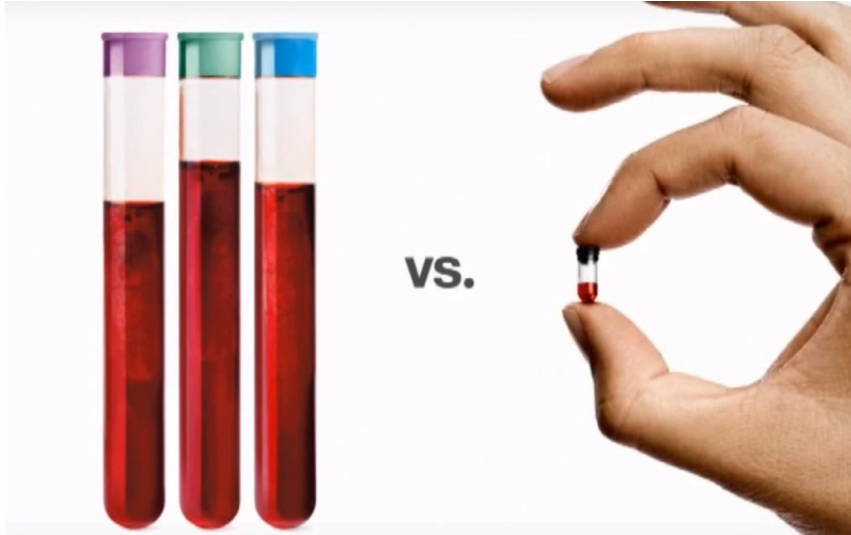
The idea of helping humanity along with saving costs for medical tests quickly attracted a bunch of Silicon Valley investors. In 2004, the company raised $6.4 million in funding and was valued at over $9 billion at its peak. Holmes became famous, got lots of awards, and some media even called her "the female Steve Jobs". So far so good, isn't it?

But the fairy tale started unexpectedly falling into pieces in 2015 when John Carreyrou, a journalist of a Wall Street Journal, found out that the technology just doesn't work. This caused a windfall of further investigations. Eventually, Teranos was dissolved in September 2018 and Holmes is still awaiting trial. She might be sentenced to 20 years in prison.

Although the Theranos scandal came to its end, it left a notable footprint in the present tech-obsessed culture. Carreyrou published his award-winning book *Bad Blood: Secrets and Lies in a Silicon Valley Startup* covering the whole Theranos story. Oscar-winning director Alex Gibney produced a documentary called *The Inventor: Out for Blood in Silicon Valley*. And the *Bad Blood* movie with Jennifer Lawrence starring as Elizabeth Holmes is expected to come out in 2020.

Facebook major data scandal and #DeleteFacebook movement

Facebook is another Silicon Valley company that has been surrounded by scandals for the last two years. The Cambridge Analytica case is probably the one that caused the most severe implications for the tech giant in terms of costs and reputation. And it's no wonder since it deals with two extremely sensitive topics: personal data and politics.

The story goes back to 2014 when Aleksandr Kogan, a researcher from Cambridge University, created a Facebook quiz app called *thisisyourdigitallife* and sold it to Cambridge Analytica, a political data analysis company. The app requested access to personal data from 305,000 Facebook users who wanted to complete a survey. But due to a loophole in the Facebook design, it managed to collect the data belonging to their friends as well.

As a result, Cambridge Analytica received information about up to 87 million people. In 2016, the firm worked on the Trump presidential campaign. So it was accused of using this massive dataset to create psychographic profiles of voters and influence the election. After *The Observer* and *The New York Times* broke the story in March 2018, Facebook users started the #DeleteFacebook movement and Mark Zuckerberg was invited to the US Congress to explain himself.

A year later, the Federal Trade Commission fined Facebook $5 billion which is the largest amount ever imposed for consumer policy violations. Zuckerberg also stated that they'll review Facebook policies to improve its privacy safeguards and prevent similar data breaches in the future. Can we be sure that effective data protection mechanisms are now in place? Well, hard to say. But recently Facebook suspended thousands of apps which were allegedly unreliable and it's quite a promising step.

Uber and its bad luck with self-driving cars

The last year was definitely not the most successful for Uber as it got involved in two scandals related to the autonomous vehicles. The first one is the Uber-Waymo dispute that is the case centered around stealing trade secrets. After Anthony Levandowski, a Google engineer who had been a member of its group working on the self-driving car project for seven years, resigned, he started its own company called Otto. It was also focused on self-driving technology and was eventually bought by Uber.

In 2017, Waymo, Google's autonomous vehicles spinoff, accused Uber of using top-secret information that Levandowski had illegally downloaded before he left the company to found Otto. The case was settled in March 2018. Although Uber denied knowing anything about trade secret theft, it agreed to pay Waymo nearly $245 million in equity. The company's representatives also assured that they will not use Waymo's confidential information in their projects.

But that wasn't nearly the end of Uber's problems with autonomous vehicles for that year. In less than a month after settlement with Waymo, Uber's self-driving car hit and killed a woman in Arizona. It was the first accident involving an autonomous vehicle that resulted in pedestrian death. Eventually, Uber had to suspend all testing within its self-driving program.