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Artificial intelligence, natural stupidity: Why brilliant CEOs make foolish mistakes

The controversy surrounding Nvidia CEO Jensen Huang illustrates how even the most brilliant executives can exercise poor judgment, exposing their companies to reputational, financial and legal risks that corporate policies and harassment training alone cannot prevent.

By Leonid M. Zilberman



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Sixteen years ago, I wrote in the Daily Journal about Mark Hurd, then the CEO of Hewlett-Packard, who resigned after an investigation found that he had submitted inaccurate expense reports to conceal his romantic relationship with a female marketing consultant. The stock lost about 8%the next trading day. I observed then that Hurd's conduct was not "illegal," but that in hindsight it did appear to be quite stupid. I also noted that Hurd was only the latest in a string of executives ousted after an affair or harassment allegation, including Boeing's Harry Stonecipher, who was shown the door in 2005 for violating the very code of conduct he had adopted and proudly touted a year earlier.

I closed that piece with the old saying that those who do not learn from history are doomed to repeat it. I did not expect to be proven right again this loudly or at this market capitalization. Now, we are in the era of four trillion-dollar companies and Nvidia is at the top of the heap. Jensen Huang, its founder and leader, made the same mistake Mark Hurd made, irrespective of his IQ.

The sequel nobody ordered

This past Sunday, Nvidia's board announced an independent investigation into Jensen Huang. According to reports, Huang told employees he had been "unfaithful" to his wife and apologized to her and their children. The woman with whom he had an affair with is a businesswoman affiliated with a Singapore-based company and Nvidia customer. U.S. intelligence agencies reportedly believe she was passing information to Beijing. The board says it has no reason to believe national security or Nvidia's secrets were compromised, but that its inquiry will examine all available information. Nvidia shares fell sharply the next trading day.

Full disclosure: the investigation has just started, and the facts that matter most, what was said, to whom, and whether anything of value left the building, are exactly what the independent directors and their outside counsel are being paid to find out. As an employment lawyer who has retained outside investigators, it appears this could be "the investigation of the century." Huang is entitled to the same presumption of good faith I would give any client in my office. This column is not about guilt. It is about a pattern that repeats itself all too often.

Same movie, better special effects

In 2010, the plot was an expense report. In 2026, the plot involves intelligence agencies, export controls on the most coveted chips on earth and a four trillion-dollar company. The script has not changed. Brilliant, driven, successful man. Long hours. Constant travel. Enormous power and few people willing to say no. A relationship that should not have existed. And then probably the worst week of his life.

Consider what the cast of characters had in common. Every one of

them had been through the training. They had sat through the annual harassment-prevention seminar, the one with the PowerPoint, the awkward role-play and the video of the manager who says "nice sweater" in a cringy way. They had signed the code of conduct, in some cases authoring it. They had general counsel, outside counsel, compliance officers and executive coaches whose job was to say, "Boss, don't." And it did not matter. Despite all their billions of dollars and access to the smartest counsel, they still made the same mistake that an employee at a neighborhood restaurant could make.

The harassment seminar problem

I have spent my career representing employers and, more recently, mediating employment cases involving both sides of the employment table for companies big and small. I say this with affection for my own profession: we are selling a lot of smoke detectors to people who intend to keep smoking. Training changes what people know. It rarely changes what people do at 11 p.m. in a hotel bar in a city on the other side of the globe.

Nobody who attends harassment training learns anything new. Hurd knew the rules. Stonecipher wrote the rules. Jensen Huang, who runs a company that sells the infrastructure on which AI runs, surely understands better than almost anyone that information is the most valuable thing in the room and that every relationship is also a data channel. Knowing is not the problem. The gap between knowing and doing is where careers go to die.

Here is the part that I think surprises people, and the part I see over and over in mediation and in investigations: intelligence is not a vaccine. If anything, it is a risk factor.

Smart, successful people have a unique vulnerability. They have been right so often, and have been rewarded for it so richly, that they begin to extend that track record to areas where it does not apply. The engineer who is never wrong assumes he is not wrong about people. The CEO who has out-negotiated every supplier assumes he can out-negotiate his own judgment. A lifetime of "yes" from subordinates is a dangerous drug.

The person with the most power also has the fewest honest mirrors. A junior employee about to do something foolish has a spouse, a friend, and a nervous coworker who says, "Are you sure? Because this sounds like it can end badly (or stupidly)." The CEO has people who say, "Great idea," because their jobs depend on it.

Artificial intelligence, meet natural stupidity

Which brings me to the delicious irony of this particular story. Huang's company is arguably the biggest engine of the age of artificial intelligence. We are told, daily, that AI will draft our contracts, diagnose our diseases and perhaps one day run our lives. Some of it is true. But notice what AI does not do. It does not get lonely on a business trip. It does not get flattered. It does not mistake attention for affection, or access for trust. It does not think, "It will be fine," at the exact moment that it will not be fine. The model will not submit a creative expense report to protect someone's feelings. It will, however, occasionally invent a legal case citation, as several of my colleagues have discovered in front of very unamused judges. So it has its own genre of embarrassment.

That is the trade-off. The machine is consistent but has no judgment about what matters to people. Humans have judgment, creativity, charisma, the ability to build a company from a booth at a Denny's, and, at the same time, the capacity for spectacular self-sabotage. You cannot have one without the other. The same wiring that produces vision produces vanity. The risk-taking and the rule-breaking come from the same factory — the human brain. We have built technology that makes the brightest among us exponentially more capable, and we have not yet found a patch for the operating system that runs them.

Beyond harassment training: What boards must do

None of this means training is worthless. It means we should be honest about what it can accomplish. Here is what I tell clients:

First, stop treating the policy as the protection. What protects a company is process: a board that actually asks questions, a general counsel who reports to the directors and not only to the CEO, and a culture in which an assistant, a controller, or a security officer can say "this does not look right" without posting "open to work" on LinkedIn afterward.

Second, recognize that executive conduct is a matter of corporate governance, not merely personal behavior. Relationships between executives and subordinates, vendors, consultants or customers can create conflicts of interest long before they become scandals. A disclosure rule that tells the board early, and privately, is far cheaper than an investigation conducted publicly, with outside counsel on the clock and the financial press camped in the parking lot.

Third, get the facts out quickly. Hurd's downfall stemmed less from the relationship than from the paperwork used to conceal it. In nearly every case I have handled, the first mistake is human; the cover-up is what ends the career. If you must face the worst day of your professional life, face it on day one — not day ninety.

The more things change

In 2010, I noted that few CEOs believe a sexual harassment claim could force them to resign. My update for 2026: even the most brilliant CEOs struggle to believe the rules apply to the person who knows them best. Chips get faster, models grow larger and investigations cross more borders, yet people still think they are the exception — and will not get caught.

Being human is both the good news and the bad. It gives us creativity, humor and the ability to build something new. Yet the species that invented the microchip also invented the poor decision, and we still cannot ship one without the other. Even the smartest person in the room is only human. Ultimately, the most advanced intelligence on earth is no match for a bad idea at the right moment.

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