Elon Musk Lawsuit Claims OpenAI Used a Fake Charity to Build an $800 Billion Empire

Elon Musk has amended his lawsuit against OpenAI, demanding the ouster of CEO Sam Altman and President Greg Brockman and calling for the company to abandon its for-profit structure entirely, court records show.

The revised filing was submitted this week ahead of a federal jury trial set to begin April 27, 2026, in Oakland, California. The case centers on allegations that OpenAI’s leadership used the credibility and tax advantages of a nonprofit to secretly build a private enterprise now valued at more than $800 billion.

Musk claims he was deceived. He provided roughly $38 million in seed funding between 2015 and 2018 based on assurances that OpenAI would remain a nonprofit committed to open-source artificial intelligence developed for the public benefit. Instead, according to the lawsuit, Altman and Brockman steered the organization toward a “closed-source de facto subsidiary” of Microsoft, benefiting themselves at the expense of donors, the public, and the company’s stated mission.

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“He is asking the court to return everything that was taken from a public charity,” said Marc Toberoff, Musk’s attorney.

In a notable legal shift, Musk is not seeking personal damages, which his opponents had estimated at between $134 billion and $150 billion. Instead, the filing requests that any recovered funds go directly to OpenAI’s nonprofit arm. Musk announced the change on X, framing it as a move to restore the company’s founding purpose.

The charges include fraud, breach of fiduciary duty, and racketeering.

A key piece of evidence is a handwritten 2017 journal entry by Brockman that U.S. District Judge Yvonne Gonzalez Rogers described as critical to the case. The entry reportedly referred to OpenAI’s nonprofit structure as “a lie.” Judge Gonzalez Rogers has confirmed that both Altman and Microsoft CEO Satya Nadella are expected to testify at trial.

OpenAI has dismissed the lawsuit as a “frivolous” effort driven by “ego, jealousy, and a desire to slow down a competitor.” The company points to internal emails from 2017 suggesting Musk himself once favored a for-profit structure, so long as he retained majority control.

In a statement on social media, OpenAI wrote, “The truth is that this case has always been about Elon generating more power and more money for what he wants. Having increasingly realized that his attempt to damage the nonprofit OpenAI Foundation rests on a baseless legal case, Elon is once again trying to change the narrative and save face as the trial approaches. His lawsuit remains nothing more than a harassment campaign that’s driven by ego, jealousy and a desire to slow down a competitor.”

OpenAI’s transition from nonprofit to profit-generating entity came in stages. It created a “capped-profit” subsidiary in 2019 to attract investment, locked in a multibillion-dollar partnership with Microsoft, and completed a full restructuring into a for-profit public benefit corporation in 2025. The company is now reportedly eyeing an IPO in late 2026 at a valuation topping $850 billion.

OpenAI has asked the attorneys general of California and Delaware to investigate Musk for alleged anti-competitive behavior, arguing that he launched the lawsuit to hobble a rival while building his own AI company, xAI.

Legal analysts say the trial’s implications extend beyond the personal dispute. A ruling in Musk’s favor could force OpenAI to restructure and establish new precedents governing nonprofit governance and donor intent. A win for OpenAI would affirm the right of charitable organizations to convert themselves into for-profit ventures over donor objections.

The trial begins April 27.

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