



September 17, 2025

Attorney General Rob Bonta
Office of the Attorney General
California Department of Justice
Attn: Public Inquiry Unit
P.O. Box 944255
Sacramento, CA 94244-2550

RE: OpenAI's Misuse of Charitable Assets, Governance Failures, and Public Safety Risks

Dear Attorney General Bonta,

On behalf of the EyesonOpenAI Coalition—a broad alliance of foundations, nonprofits, labor unions, and civic leaders—we respectfully urge your office to safeguard the public interest by ensuring OpenAI's charitable assets are valued fairly, preserved independently, and redirected toward advancing the mission it has abandoned. We are renewing our request specifically in response to recent news around the potential \$100 billion stake in the \$500 billion for-profit “arm” of its business that OpenAI plans on providing to the nonprofit.¹

As California's chief nonprofit regulator, you carry a legal responsibility to ensure that charitable assets are preserved for public benefit, not diverted for private gain. That responsibility includes the authority to sue OpenAI for potentially breaking nonprofit law, or to require that it pay a settlement, representing the value of the nonprofit, as a condition of restructuring.

We are especially mindful of the concerns your office and the Delaware Attorney General raised in your September 5th letter to OpenAI's Board.² You rightly emphasized that safety is a non-negotiable priority, particularly when it comes to children. Yet recent tragedies—including the suicide of a young Californian after prolonged interactions with ChatGPT and a Connecticut murder-suicide reported by the *Wall Street Journal*³—demonstrate that OpenAI has failed to uphold

¹Bret Taylor, “Statement on OpenAI's Nonprofit and PBC,” September 11, 2025, <https://openai.com/index/statement-on-openai-nonprofit-and-pbc>

² Rob Bonta and Kathy Jennings, letter to OpenAI, September 5, 2025, <https://oag.ca.gov/system/files/attachments/press-docs/2025-09-05%20-%20Letter%20from%20DE%20AG%20and%20CA%20AG%20-%20FINAL%20with%20NAAG%20Letter.pdf>

³ “OpenAI's Plan to Convert to For-Profit Status Draws Opposition,” *Wall Street Journal*, September 9, 2025, <https://www.wsj.com/tech/ai/openai-for-profit-conversion-opposition-07ea7e25>

the core mission described in its founding documents: ensuring artificial intelligence is deployed safely

Against this backdrop of governance and safety failures, OpenAI's announcement that its nonprofit will both "control" and hold only a limited equity stake in a \$500 billion for-profit entity is self-contradictory and implausible. It cannot be accepted at face value. Far from safeguarding the public or the nonprofit's charitable assets, this recapitalization plan entrenches conflicts of interest—transforming the nonprofit into a corporate foundation that advances commercial goals instead of the public good.

As we and others have documented:

- OpenAI has prioritized profits over safety, reversing its earlier support for government guardrails and now lobbying to preempt state protections in California and Delaware.⁴
- The nonprofit presided over a \$10 billion private share sale to investors and employees, inflating OpenAI's valuation while doing nothing to advance its charitable mission.⁵ The sale to employees also raises questions about private inurement.
- Public confidence is eroding: Surveys show a supermajority of Californians want stronger AI guardrails, yet OpenAI has failed to implement them despite its stated duty.⁶

These facts, coupled with the recent safety failures underscored by your office, reveal a sharp disconnect: While the public demands accountability, fairness, and safety, OpenAI continues to prioritize market dominance.

We therefore urge your office to act decisively:

1. **Reject OpenAI's proposal until an independent fair market valuation of the nonprofit's assets is completed.** The proposed \$100 billion stake likely undervalues the removal of the capped-profit structure, given OpenAI's valuation surge from \$86 billion to over \$500 billion. Only a transparent process will ensure charitable assets are not undersold.
2. **Redirect assets unrelated to governance of the commercial entity into new (or existing), independent charitable entities once fair value is established.** These entities must be structurally free of OpenAI's commercial interests, including having completely independent boards, and dedicated exclusively to advancing public benefit and safety.

⁴ "Don't Make the Same Mistake: OpenAI Warns Newsom, California Against Strict AI Rules," *Politico Pro*, July 18, 2025, <https://subscriber.politicopro.com/article/2025/07/dont-make-the-same-mistake-openai-warns-newsom-california-against-strict-ai-rules-00463895>

⁵ Krystal Hu and Shivani Tanna, OpenAI eyes \$500 billion valuation in potential employee share sale, source says, Reuters, August 6, 2025 <https://www.reuters.com/business/openai-eyes-500-billion-valuation-potential-employee-share-sale-source-says-2025-08-06/>

⁶ *How Californians Feel About AI: Findings From the 2025 AI Compass*, TechEquity Collaborative, August 19, 2025, <https://techequity.us/2025/08/19/how-californians-feel-about-ai/>

Allowing the \$100 billion equity stake to remain under the nonprofit OpenAI would pervert charitable law, converting it into a corporate-controlled foundation.

As demonstrated, allowing OpenAI's proposed structure would not only entrench this failure but also set a dangerous precedent: that nonprofits may be repurposed as vehicles for private enrichment.

We thank you for your continued leadership in scrutinizing OpenAI's governance and its adherence to charitable law. Your oversight is critical now, as OpenAI's latest restructuring proposals threaten both nonprofit integrity and the charitable assets entrusted to it.

Sincerely,

On behalf of the EyesOnOpenAI coalition:

California Community Foundation
Economic Security Project
ENCODE
Free Press
Kapor Center Advocacy
LatinoProsperity
National Hispanic Media Coalition
TechEquity
The California Wellness Foundation
The James Irvine Foundation
The San Francisco Foundation

CC: Delaware Attorney General Kathy Jennings