

# Twin setbacks for Elon Musk over OpenAI and Tesla investor suits

Elon Musk has moved to drop a lawsuit he filed against ChatGPT maker OpenAI and learned he is facing a fresh investor claim relating to his sale of Tesla shares.

The tech billionaire, who had launched his complaint early this year, looked to drop the action just 24 hours before a San Francisco judge was to hear a bid by [OpenAI](#) to have the case thrown out.

He had accused the firm, which he co-founded, and its chief executive Sam Altman of abandoning its original mission of developing artificial intelligence for the benefit of humanity and not for profit.

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Mr [Musk](#), who has AI ventures of his own, has been a fierce critic of the company's use of artificial intelligence (AI) and hit out this week at [Apple's plans](#) to integrate AI including ChatGPT into its devices, suggesting he could ban them at his own companies on security grounds.

He has yet to comment on the reasons for dropping the case.

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Apple set to integrate AI

It was separately revealed on Tuesday that Mr Musk was facing a separate lawsuit in Delaware brought by an institutional investor in Tesla.

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The Employees' Retirement System of Rhode Island (ERSRI) claimed he and his brother Kimbal, who is a director of the electric car firm, improperly sold a combined \$30bn (£23.5bn) in shares between late 2021 and the end of 2022.

The lawsuit claims they cashed in ahead of developments that would have caused stock to fall in value became public.

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## [Arthi Nachiappan](#)

Technology correspondent

OpenAI may have called Musk's claims "fiction", but he is not the first to question its direction as a company and what it means for the risks associated with AI.

Last year, the board of the company tried to oust Altman over what they said were concerns about the safety risks of AI and, in recent months, a number of high-profile safety leaders left OpenAI.

Some claimed the organisation had prioritised speed of product launches over the safety of the products.

This legal battle may have ended, but challenges to OpenAI's leadership are far from over.

It alleged Mr Musk sold the shares at artificially inflated prices by concealing his plan to use proceeds to buy social media platform Twitter, which he later renamed X.

He was also said to have sold Tesla stock when he knew deliveries of Tesla cars had fallen far below public projections, the lawsuit added.

Mr Musk and Tesla were yet to comment on the action, which further alleged poor governance and inappropriate actions including diverting Tesla employees to work at X and causing Tesla to start paying for advertising on Twitter.

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Tesla shareholder Michael Perry filed a similar action last month alleging insider dealing by Mr Musk, who is already facing a regulatory investigation over his purchase of Twitter.

News of the latest lawsuit was revealed two days before Tesla shareholders are due to vote on whether to reinstate Mr Musk's \$56bn pay package after a Delaware judge voided it in January because she found he had improperly controlled the process.