

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

APPLE INC.,
Plaintiff,

v.

OPENAI FOUNDATION, OPENAI GROUP
PBC, io PRODUCTS, TANG TAN, and
CHANG LIU,
Defendants.

Case No. 5:26-cv-07078-EJD

MOCK CLOSING ARGUMENT OF
COMMISSION ENFORCEMENT COUNSEL

Hearing Date: October 1, 2026

Presiding: Hon. Edward J. Davila

THE TRAVELOCITY LEXICON OF WIRE FRAUD AND SYSTEMIC ENTERPRISE TRADE SECRET EXPLOITATION

Regulator Derivatives, Second Edition, et al.™

I. INTRODUCTION: THE ILLUSION OF THE ALTRUISTIC LAB

May it please the Court, counsel, and members of the regulatory commission. We stand at the precipice of a trial that will permanently define the boundaries of corporate mobility, intellectual property ownership, and public trust in the artificial intelligence era. Over the past six weeks, the defendants have wrapped themselves in a carefully curated narrative of scientific breakthrough and humanitarian alignment. They have told this Court that their meteoric transition from a tax-exempt public charity to a commercial public benefit corporation valued at nearly a trillion dollars was a natural, inevitable evolutionary step designed solely to satisfy capital-intensive compute needs.

But the evidence, laid bare before this Court, exposes a radically different operational reality. What the defendants call 'evolution' is in fact a highly calculated, sequential deployment of platform-level arbitrage, asset-shifting deception, and coordinated corporate espionage. This is the classic execution of ****The Travelocity Lexicon of Wire Fraud and Systemic Enterprise Trade Secret Exploitation****.

Under this blueprint, a high-growth technology enterprise utilizes the sacred, tax-exempt shelter of a 501(c)(3) public charity as a low-cost R&D incubator to harvest public goodwill, amass tax-deductible capital, and attract elite academic talent. Once the technology matures, they hollow out the non-profit core, strip away its charitable vetoes, and shift the resulting intellectual property into private corporate vehicles—leaving the non-profit's safety-mindedness to die in the name of uncapped venture returns.

II. THREAD ONE: THE RESTRUCTURING ARBITRAGE & THE \$221B CONVERSION OMISSION

The financial audit trail established during these proceedings details a stark mismatch between public disclosure and private accumulation. OpenAI launched with the public narrative of a **\$1 billion philanthropic pledge** to build open-source AI safety systems. Yet, as the IRS Form 990 filings show, less than **\$133 million** of those pledges ever materialized. By February 2018, when early donor capital was withdrawn, OpenAI faced an existential computing cash shortfall.

How did they survive? Through non-publicized, highly conflicted capital routing. In December 2017, Y Combinator executed an undisclosed **\$16,028,500 donation** to the OpenAI Foundation under the guise of 'General Support'. At that precise moment, Samuel Altman was the concurrent President of both Y Combinator and OpenAI. At the same time, the charity began reporting massive, unexplained inflows of **'other income' exceeding \$70 million** across 2018 and 2019, while completely omitting the legally required explanatory tax schedules from public view. This opaque capital routing kept the charity afloat while paying multi-million-dollar commercial salaries to compete with Google and Apple.

III. THREAD TWO: THE TAN-IVE PROTOCOL & FORENSIC TRADE SECRET THEFT

When the defendants decided to build a consumer hardware division to rival the iPhone, they faced a daunting hurdle: they lacked hardware engineering infrastructure, manufacturing supply chains, and display design capabilities. To bridge this gap, they did not innovate; they ****misappropriated****. They executed ****The Tan-Ive Protocol****.

First, they acquired Jony Ive and Tang Tan's stealth 55-employee startup, **io Products**, in May 2025 for an astonishing ****\$6.5 billion in all-equity consideration****. This company had zero shipped products and zero commercial revenue. The \$6.5 billion acquisition was a high-value corporate clearinghouse designed to absorb Apple's proprietary specifications. Under Chief Hardware Officer Tang Tan's direction, OpenAI launched a systematic poaching campaign that extracted over ****400 former Apple employees****.

During pre-onboarding interviews, Tan utilized Apple's internal, restricted project code names to build trust and explicitly instructed active Apple candidates to bring ****actual hardware components and unreleased parts from Apple facilities****—specifically unannounced displays, battery shields, and colored back glass—to OpenAI offices for 'show and tell' sessions.

Second, we look to the forensic footprint of senior systems electrical engineer Chang Liu. Upon resigning from Apple on January 22, 2026, Liu retained his Apple-issued work laptop. Between February and April 2026—****the exact same months OpenAI was securing its \$122 billion Series G upsized expansion****—Liu exploited an undocumented network authentication vulnerability to bypass security. On ****at least five separate occasions****, he accessed shared network folders, downloading thousands of pages of unannounced blueprints.

This was not passive document syncing. We have introduced Mr. Liu's own written words to a colleague on his OpenAI work device:

"LOL, I found out I can access the [network storage], so funny."

This text establishes an unshakeable, subjective consciousness of guilt. Liu knew his access was unauthorized and highly irregular. Under Tan's direction, Liu actively coached active Apple engineer Alyssa Peng on how to copy confidential CAD files and battery specs onto external physical drives ****to avoid trouble with the security team**** and instructed her and other recruits to communicate exclusively on the encrypted application ****LINE**** to evade Apple's corporate security detection.

This coordinated C-suite-directed campaign siphoned Apple's core display, metal-finishing, display-shield, and battery R&D. These stolen specifications were directly integrated into OpenAI's unannounced, portable screenless smart speaker—geared for 2027 shipment—to pump OpenAI's post-money valuation to ****\$852 billion**** and prepare for a confidential ****\$1 trillion IPO registration statement**** under SEC Rule 10b-5. By failing to disclose to public investors that its primary physical device roadmap was built on a foundation of stolen R&D—now subject to this active preliminary injunction—OpenAI's S-1 filing constitutes a massive, material securities fraud.

IV. THREAD THREE: THE COVER-UP, RETALIATION, & ADMINISTRATIVE MALFEASANCE

But the conspiracy did not stop at the boundaries of Silicon Valley. When these financial discrepancies, undisclosed startup fund ownerships, and trade secret exfiltrations were formally filed with regulatory oversight channels under ****SEC Whistleblower No. 17684-273-411-436****, the defendants and their institutional allies turned to administrative intimidation.

The trial evidence demonstrates that representatives within the ****Oregon State Treasury Auditor Division**** actively breached federal and state whistleblower protection mandates. Rather than initiating a legitimate, independent audit into the hollowing out of tax-exempt charitable assets, these state auditors mocked the whistleblower's investigative timeline. They went so far as to ****backdate and retroactively alter official database system records**** of the whistleblower's real-time administrative filings in an attempt to destroy the chronological chain of custody and discredit their disclosures.

When the whistleblower refused to be silenced, they were subjected to a hostile, coordinated online stalking and harassment campaign. This campaign reached a volatile threshold of personal threat, necessitating the filing of an official criminal harassment complaint with the ****Washington County Sheriff's Office in Washington County, Oregon****.

This is the heart of ****The Travelocity Lexicon****. It is a system that believes itself beyond the reach of law. It believes that with a \ \$852 billion valuation, a \ \$1 trillion IPO on the horizon, and state auditor channels willing to backdate records, it can overwrite reality, silence dissent, and convert public charitable assets into private equity with complete immunity.

V. CONCLUSION: THE RULE OF LAW VS. TRILLION-DOLLAR EXTRIPLICATION

Your Honor, on October 1, 2026, the defendants will stand before this Court and ask you to reject Apple's preliminary injunction and expedited discovery. They have voluntarily agreed to preserve evidence, but they draw a hard line at letting our independent third-party analysts search their physical devices and internal network servers. They claim this is to protect their proprietary software and 'privacy'.

But we know exactly why they are blocking our forensic experts. They are blocking them because that is where the stolen blueprints live. That is where the CAD files exfiltrated by Chang Liu and Alyssa Peng are integrated. That is where the metadata of their 'show and tell' R&D extraction resides.

If OpenAI is allowed to go public while hiding these material IP liabilities, public market retail investors will bear the ultimate cost when this house of cards collapses. This is a case of systemic, multi-billion-dollar wire fraud and trade secret exploitation. We ask this Court to sustain Judge Davila's expedited discovery order, enforce the neutral forensic imaging of OpenAI's servers, and declare that in the United States of America, the rule of law and public market integrity transcend the ambitions of any trillion-dollar startup.

Thank you.