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JO ANNE SIMON
Assemblymember 52nd District

March 20, 2025

Honorable Thomas P. DiNapoli
New York State Comptroller
110 State Street
Albany, NY 12236

Dear Comptroller DiNapoli:

New York State's pension fund (the "pension fund") is widely regarded as one of the country's best-run and most-effectively managed. We commend your continued dedication to steering the Pension Fund in the best direction for retirees and state residents. We write to convey our growing concerns regarding the deeply troubling governance and profitability issues with the fund's investment in Tesla, Inc. ("Tesla"). Given the significant risk now posed to the pension fund, we write to request that you begin the process of divesting Tesla shares directly owned by the state pension fund.

As a holder of a significant position in Tesla, we understand that the pension fund may have some ability to influence Tesla's policy and corporate activities. We further understand that you have voiced similar concerns to Tesla's board of directors and have voted against the board of directors because of your concerns about the board's independence, its ability to effectively oversee management, and its lack of responsiveness to shareholder concerns. Nevertheless, we are extremely concerned that these efforts may be largely for naught in these fraught times.

We are mindful that Tesla constitutes the seventh largest equity position in our state pension fund's holdings. As such, the performance and governance of this investment may now pose an even greater risk to the financial health of the overall pension fund, especially while Elon Musk remains the CEO. Musk's actions leading President Donald Trump's Department of Government Efficiency (DOGE) have led to a deterioration of the company's reputation among even its most loyal customers. CNBC reports that Tesla shares plunged more than 28% in February of this year, their worst month since a 37% drop in December 2022.

In addition, the New York Times reports that Tesla sales decreased in Germany by 76% in February 2025 compared with a year earlier. Tesla sales have also decreased in France, Denmark, Sweden, and Norway. Finally, here in the U.S., various reports show a significant decrease in sales this year, coming after annual sales dropped in 2024 for the first time since 2011.

For context, while Tesla posted a \$2.31 billion profit in the fourth quarter of 2024, that marks a 71% drop from the \$7.93 billion it earned during the same period in 2023. Tesla's vehicle profit margin also fell to 13.6% in Q4, missing analysts' expectations and highlighting rising cost pressures. Tesla, at a stock price of \$290.80 per share, is approximately 2 percent of the total

value of the S&P 500. If it were to decline to the price target of \$135 that some analysts have projected, the resulting loss would be 1.2 percent of asset owners' total S&P 500 indexed portfolio.

These are signals of a broader trend of weakening pricing power and increasing vulnerability to market fluctuations and growing competition. Further exacerbating Tesla's challenges, sales in California (one of its most critical Electric Vehicle markets) dropped 8% in the fourth quarter, while Model 3 registrations plunged by more than a third, underscoring shifting consumer demand and competitive pressures.

We applaud the pension fund's shareholder proposals and your repeated corporate governance efforts aimed at influencing Tesla's corporate practices. Your office has continued to urge Tesla to remain neutral in labor organizing efforts, publicly report workplace discrimination and harassment, disclose corporate political spending, and enact stronger protections for LGBTQ+ employees. Despite that effort, Tesla remains one of the most anti-union companies in the U.S. while publicly and regularly opposing internal collective bargaining efforts, and it has experienced continuing widespread allegations of workplace discrimination and harassment. Further, Tesla most recently scored 0.0% in the *2024 CPA-Zicklin Index of Corporate Political Disclosure and Accountability*, which reflects Tesla's deep lack of transparency in corporate political spending.

Combined, these actions have raised cause for concern with the pension fund's stability. Furthermore, recent actions by its CEO are having a direct and damaging impact on the value of Tesla, with shares dropping and more losses expected in the months to come. **Given the significant risk now posed to the pension fund, we write to request that you begin the process of divesting Tesla shares directly owned by the state pension fund.**

Thank you for your attention to this matter. Please do not hesitate to contact us via Assemblymember Jo Anne Simon at 518-455-5426 or simonj@nyassembly.gov with any questions. We look forward to your response.

Sincerely,




Jo Anne Simon
Assemblymember, AD-52



Harry B. Bronson
Assemblymember, AD-138



Robert Carroll
Assemblymember, AD-44



Maritza Davila
Assemblymember, AD-53



Harvey Epstein
Assemblymember, AD-74



Emily Gallagher
Assemblymember, AD-50

Deborah J. Glick
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Jessica González-Rojas
Assemblymember, AD-34

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Assemblymember, AD-28

Micah Lasher
Assemblymember, AD-69

Dana Levenberg
Assemblymember, AD-95

Jen Lunsford
Assemblymember, AD-135

Dr. Anna R. Kelles
Assemblymember, AD-125

Ron Kim
Assemblymember, AD-40

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Karines Reyes
Assemblymember, AD-87

Gabriella Romero
Assemblymember, AD-109

Linda B. Rosenthal
Assemblymember, AD-67

MaryJane Shimsky
Assemblymember, AD-92



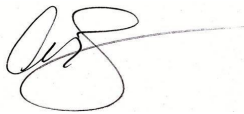
Sarahana Shrestha
Assemblymember, AD-103



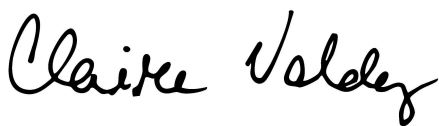
Tony Simone
Assemblymember, AD-75



Yudelka Tapia
Assemblymember, AD-86



Al Taylor
Assemblymember, AD-71



Claire Valdez
Assemblymember, AD-37



Chantel Jackson
Assemblymember, AD-79



Marcela Mitaynes
Assemblymember, AD-51



Khaleel Anderson
Assemblymember, AD-31