

# Morgan Stanley's CEO Said He Is 'Committed' to Diversity. A Lawsuit Filed by the Firm's Former Diversity Head Alleges Otherwise.

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Earlier this month, Morgan Stanley's chief executive officer James Gorman shared a plan [on LinkedIn](#) to improve diversity at the bank. It included promotions for certain Black employees, the creation of an "Institute of Inclusion" and a \$5 million donation to the NAACP.

On Tuesday, less than two weeks later, the firm's former diversity head, Marilyn Booker, filed a lawsuit against Morgan Stanley alleging racial discrimination. The suit was filed on behalf of herself and her former Black female colleagues in the U.S. District Court in the Eastern District of New York.

Booker is suing Morgan Stanley, her former supervisor Barry Krouk, and Gorman for alleged discrimination and retaliation in violation of the Civil Rights Act of 1866, alleged discrimination and retaliation in violation of the New York State Human Rights Law, and alleged violations of both the Equal Pay Act and the New York Equal Pay Law. Booker has also filed an Equal Employment Opportunity Commission complaint, according to her lawsuit.

"We strongly reject the allegations made in this claim and intend to vigorously defend ourselves in the appropriate forum," a Morgan Stanley spokesperson said. "We are steadfast in our commitment to improve the diversity of our employees and have made steady progress – while recognizing that we have further progress to make. We will continue to advance our high priority efforts to achieve a more diverse and inclusive firm."

Booker, who was fired from the firm in December, had worked at Morgan Stanley for 26 years, according to her complaint.

She spent about 16 years as the firm's global head of diversity before allegedly being shuffled around through different departments. In 2010, she was moved to the office of development, which was eliminated in 2011. That year, she was selected to lead the firm's urban markets group, overseeing minority financial advisors.

Booker alleged in the lawsuit that her salary was "essentially held flat" in that role as the firm slashed its budget for the program year after year.

According to Booker's complaint, she tried to create a plan to internally address the firm's racial biases in 2019. Her plan, called "Project Genesis" was created with the goal of addressing Morgan Stanley's Black employees' "constant feelings of isolation and lack of support."

This included addressing their alleged inability to join financial advisory teams and barriers to partnering with white financial advisors on new business opportunities, including "unfair" commission splits and exclusion from new client meetings. According to the lawsuit, less than one percent of the firm's financial advisors are Black.

Krouk, her supervisor, allegedly helped Booker identify analysts and executives who could help Booker on the project last year.

However, Krouk allegedly later told Booker not to tell her colleagues about the project, and allegedly stalled when she asked to present the project to senior management.

A meeting Booker allegedly expected to cover the project was scheduled in December 2019. During it, though, Booker was fired from the firm, the complaint said.

"Despite her longevity, loyalty and stellar performance record, Morgan Stanley offered no explanation for her expulsion other than to vaguely say that her position – which is one that primarily helps Black people and people of color gain financial literacy and acumen – had to be eliminated," the lawsuit said.

Gorman's plan to improve diversity at the firm, shared on June 4, includes the creation of a similar initiative: the "Institute of Inclusion." This group will set up policies and metrics to track diversity and will oversee mentoring, development, and promotion of the firm's diverse employees. The announcement said that Morgan Stanley will set aside \$25 million for the initiative.

This is the second discrimination lawsuit filed against Morgan Stanley this year. In late April, a female former financial advisor at the firm alleged in a lawsuit that she missed out on pay and was harassed by co-workers because she is a woman, *Institutional Investor's* sister publication [RIA Intel](#) reported at the time.