

Axed Morgan Stanley Diversity Head Alleges 'Systemic' Bias

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By **Jon Steingart**

Law360 (June 16, 2020, 10:51 PM EDT) -- Morgan Stanley's former chief of diversity sued the investment firm Tuesday in Brooklyn federal court, claiming her efforts to advocate for employees and job candidates of color were stymied and she was eventually fired for complaining about racial inequality.

Marilyn Booker, a black woman who signed on as Morgan Stanley's first diversity officer in 1994, said in her complaint that less than 1% of the firm's financial advisers are people of color, and only a few dozen of its thousands of managing directors are racial minorities. The disparity in its workforce and its senior leadership fits the firm's pattern of keeping women and people of color down, she said.

Booker contended Morgan Stanley terminated her in December in retaliation for speaking out on behalf of employees of color.

"Morgan Stanley, in line with its repugnant track record, had decided it had had enough of Ms. Booker and her efforts at addressing the systemic racial inequality that existed at the firm once and for all," the complaint said.

As one "particularly vivid" example of the "toxic harassing environment" at Morgan Stanley, Booker said the firm failed to take any action following a white male executive's reaction to her securing a \$90 million client. The executive, not identified in the complaint, was upset that he couldn't take credit for the client and complained to co-workers that Booker "pulled my pants down and ripped me a new asshole," according to the suit.

Booker had successfully advocated on behalf of minority employees and enjoyed amicable working relationships with three chief executive officers, but that changed when James Gorman became CEO in 2010, the suit said.

Gorman removed Booker as head of diversity and assigned her briefly to a newly created development office, where she was told she would work on external relationships with minority groups, she said. In 2011, she was named the leader of the newly created Urban Markets Group, where she provided financial education to urban and minority communities, she said.

Even though the team worked with minority communities, it was led by "a virtual revolving door of white men (and one token white woman)," with eight bosses over Booker in the eight years she was with the team, she said. During her time with Urban Markets, she never

received a raise and the team's budget was cut, hamstringing her efforts, she said.

Booker tried to persuade Morgan Stanley to gain exposure in minority communities by working with celebrities of color, including comedian Steve Harvey and a National Basketball Association player she did not identify, but her efforts did not gain traction in the firm, she said. On the other hand, "Morgan Stanley did not hesitate to hire white professional golfer Justin Rose as a spokesperson," she said.

Over the years, she referred and advocated for people of color for the firm's financial adviser training program, but she received "vague feedback" that candidates didn't meet hiring criteria, she said. In response to the "rampant bias" she observed, she convened a work group in June 2019 to lift up employees of color. Although there was some buy-in at first, management became "either unhelpful or resistant to her efforts," she said.

"Clearly, black lives did not matter at Morgan Stanley," the complaint said.

The pattern of systemic discrimination against women of color stands in contrast to the firm's recently announced plans to improve its racial diversity, and moves to donate and match employee contributions to the NAACP Legal Defense and Education Fund, Booker said.

She seeks to represent a class of women of color who experienced race and sex discrimination, raising claims under Title VII, the Civil Rights Act of 1866 and the Equal Pay Act, which prohibit race and sex discrimination. She also filed claims under New York state and city law. She named Gorman and Barry Krouk, managing director and chief administrative officer of wealth management, in her suit.

"Morgan Stanley has had decades to get its house in order and improve its record on diversity and inclusion," Jeanne Christensen, an attorney representing Booker, told Law360. "No more excuses. The numbers speak for themselves and Morgan Stanley must be held accountable for looking the other way."

Morgan Stanley denied the allegations in a statement provided by Gaston Terrones Dimant, executive director of corporate communications. "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," the firm said. "We will continue to advance our high priority efforts to achieve a more diverse and inclusive firm."

Booker is represented by Jeanne Christensen and Tanvir Rahman of Wigdor LLP.

Counsel information for Morgan Stanley wasn't immediately available.

The case is Booker v. Morgan Stanley & Co. et al., case number 1:20-cv-02662, in the U.S. District Court for the Eastern District of New York.

