

Former Head of Diversity at Morgan Stanley Sues Firm, Claiming Widespread Mistreatment of Black Women

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By Jane Wester

A former high-ranking black employee at Morgan Stanley sued the investment firm Tuesday in the Eastern District of New York, arguing that the firm has systematically mistreated black women and that she lost her job because she pushed for more diversity.

Along with a proposed class action suit on behalf of black female employees of Morgan Stanley, Marilyn Booker is filing a charge of discrimination with the Equal Employment Opportunity Commission, according to court papers.

Booker served as Morgan Stanley's global head of diversity from 1994 to 2010, but she was "inexplicably" removed from that role soon after James Gorman became Morgan Stanley's CEO, according to the suit, which was filed by Wigdor partner Jeanne Christensen.

Though Morgan Stanley recently announced a \$5 million donation to the NAACP Legal Defense and Education Fund, along with other inclusion efforts in the aftermath of the police killing of George Floyd in Minneapolis, Christensen argued that the firm has behaved hypocritically toward its own employees.

Booker spent most of her last decade at the investment firm leading its Urban Markets group, which focused on providing financial education to minority communities, according to the suit. She was supervised by a "virtual revolving door" of white bosses, which signaled the firm's lack of commitment to the minority-focused initiative, Christensen argued.

"[N]o one at Morgan Stanley truly cared about the diversity initiatives Ms. Booker spearheaded, nor felt compelled to be associated alongside her work," Christensen wrote. "Morgan Stanley intended on doing nothing more than to pay lip service to its supposed commitment to helping minority communities or minority employees."

Booker was "blindsided" in December 2019 when she was told that her position was being eliminated, according to the suit, and the sudden news came soon after she had complained about the "systemic mistreatment" of low-ranking black employees at the firm.

Christensen argued that Booker was far from alone in being underpaid and underappreciated, and the suit includes claims under the Equal Pay Act alleging that black women received lower hourly pay, bonuses and opportunities compared to men, especially white men.

The number of black employees in managerial and leadership roles at Morgan Stanley has actually decreased in the past 15 years, Christensen argued.

“Morgan Stanley has had decades to get its house in order and improve its record on diversity and inclusion,” she said in a statement. “No more excuses. The numbers speak for themselves and Morgan Stanley must be held accountable for looking the other way.”

The suit also called on Morgan Stanley to eliminate mandatory arbitration for discrimination claims, though Booker is not personally subject to a binding arbitration clause, Christensen argued.

In a statement, a Morgan Stanley spokesman said the firm rejects the allegations.

“We strongly reject the allegations made in this claim and intend to vigorously defend ourselves in the appropriate forum,” the statement 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.”

The case has been assigned to U.S. District Judge Kiyo Matsumoto of the Eastern District of New York, according to court papers.