

Former diversity chief sues Morgan Stanley, alleging racial discrimination

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The former global head of diversity at Morgan Stanley is suing the company for alleged racial discrimination.

Marilyn Booker alleges in a suit filed Tuesday that she was fired in 2019 after repeatedly pushing forward a proposal aimed at addressing the lack of diversity at the company.

The lawsuit also alleges that Morgan Stanley “did nothing but actively hamstring” Booker’s ability to increase diversity by “steadily decreasing her budget year over year,” and alleges that black employees were subject to “racial discrimination and [a] toxic harassing environment.”

Booker’s lawyers allege that Booker “repeatedly asked Firm leadership to simply listen to her plan” throughout the fall of 2019, noting there was a “sudden mass exodus of 14 Black Managing Directors” between 2017 and 2019 under Chief Executive James Gorman.

“For Black MDs departing Morgan Stanley, the sentiment at the Firm was ‘goodriddance’ and ‘glad to see you go,’ rather than, ‘why are they leaving us?’ or ‘how could we do better?’ In contrast, when White MDs left or sought to leave, the Firm made significant efforts to retain them,” the suit alleges.

The suit claims that Morgan Stanley “consistently and humiliatingly ignored and evaded” Booker’s plan for diversifying the firm’s financial advisor and trainee ranks.

She was fired on Dec. 9, 2018, with “no performance issue” and no explanation for her firing “other than posturing that her position – which was primarily to help Black people and people of color – was simply being eliminated,” the suit said.

Booker had worked at Morgan Stanley for over 26 years. She served as the global head of diversity between 1994 and 2010 and later served as a managing director head of the Urban Markets Group.

The suit names Morgan Stanley, as well as Gorman and Booker’s ex-boss Barry Krouk.

An official for Morgan Stanley was not immediately for comment.

The lawsuit was filed in wake of Morgan Stanley publicly making comments in support or nationwide protests over racial inequality and police brutality sparked by the killing of George Floyd.

The New York Post reported last week that Morgan Stanley Chief Executive James Gorman said in an internal email shared on LinkedIn that he was moved by the protests and would be making changes at the firm.

Gorman said he would be promoting two black women at the bank, creating a new \$25 million institution inside Morgan Stanley dedicated to diversity, and donating \$5 million to the NAACP, according to the Post.

Booker's lawyers wrote that the bank's efforts "would appear, on their face, to be genuine," but said the firm has "utterly failed" when it has had to address issues with diversity.

"It is the epitome of hypocrisy for Morgan Stanley to hold itself out of the public, shareholders, investors and clients as a company that is genuinely interested in advancing racial justice when it is hiding from public accountability and transparency," the lawyers wrote.