

She was Morgan Stanley's first diversity officer. Now she's suing the bank for racial bias.

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By Tracy Jan and Renae Merle



A former Morgan Stanley executive who oversaw the bank's global diversity efforts filed a lawsuit against the firm Tuesday alleging racial bias for silencing and retaliating against employees who sought to make it more inclusive.

Marilyn Booker, a former managing director who spent 16 years as global head of diversity and the last decade as head of the bank's urban markets groups, filed the lawsuit on behalf of black female employees who are accusing the bank of systemic discrimination against black financial advisers and trainees.

Booker, the sole black female managing director in the wealth management division at Morgan Stanley's New York City headquarters, was terminated in December after she had spent months outlining a plan to address the firm's lack of diversity and what her lawsuit referred to as the company's toxic workplace culture for employees of color.

Booker alleged that the firm's senior leadership initially feigned interest and support in her efforts but ultimately refused to listen to her plan and instead, ignored and evaded her. Her lawsuit said she was blindsided by her firing, given that she was not aware of any performance issues, and that the only explanation she was given was that her position overseeing the urban markets group, an initiative she launched in 2011 to help black communities build wealth, was being eliminated.

"It's important that as black people our voices be heard," Booker said in an interview with The Washington Post. "This is my story, but it's not unique to me. This story is being experienced by so many black people, particularly black women, across Wall Street and corporate America."

Morgan Stanley said in a statement that it "strongly" rejected the allegations and would defend itself.

"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," spokeswoman Mary Claire Delaney said in a statement. "We will continue to advance our high priority efforts to achieve a more diverse and inclusive firm."

Booker's is the second high-profile lawsuit against Morgan Stanley in recent years to allege racial discrimination.

In 2016, seven black financial advisers sued Morgan Stanley, alleging, among other things, that they were less likely than white peers to be assigned to high-producing teams, making it more difficult for them to earn equal pay and remain at the firm.

A judge dismissed the class-action claims but ordered three of the advisers to settle their complaints through arbitration. Morgan Stanley had denied the accusations in the 2016 lawsuit.

One adviser told the Post in a story last year that a white colleague had once noted the long hours he was working and asked, "How many top producers do you see that look like you?" "He said, 'Most people with money want to work with other people who look like them.' He said it like it was nothing," Kwesi Coleman told the Post in 2019.

Booker filed her lawsuit as protests erupt across the nation over systemic racism and police brutality and as corporations, including Wall Street firms, rush to proclaim support for the Black Lives Matter movement. Many chief executives, including James Gorman at Morgan Stanley, have pledged to play a bigger role in combating racism both within their own institutions and society at large.

Gorman recently called the protests, which he watched from his Manhattan apartment, a “turning point in race relations” and announced the promotion of two black women to positions on its operating and management committees.

One of the women was Susan Reid, the bank’s global head of diversity and inclusion who Gorman said would join its management committee by June 30. Reid is charged with creating an Institute of Inclusion that is supposed to set policies and oversee the promotion of diverse employees. Gorman said the institute will be “properly funded” with an initial \$25 million.

This period “will not be easily forgotten in history, and it shouldn’t be,” Gorman said.

But Booker is eyeing those steps with skepticism. “Why now? Why did this not happen six months ago? A year ago?” she said. “If there was a true commitment to diversity, that position should have always been a management committee position as opposed to now.”

She said the \$25 million toward inclusion efforts is a tiny drop in the bucket compared to the bank’s profits and highlights just how little diversity is prioritized, even now.

“Morgan Stanley made over \$41 billion last year -- \$25 million is not even a rounding error for what Morgan Stanley brings in,” Booker said. “I’m not sure how excited people should be.”

During her time at Morgan Stanley, Booker would regularly request more money to support her diversity efforts, but was consistently denied, according to her lawsuit. In some years, she even had to spend thousands of dollars of her personal money to promote the company at diversity events.

Morgan Stanley, like many of the country’s largest and most prestigious banks, has long struggled to diversify its senior ranks. Only 2.2 percent of its senior executives were black last year, up just slightly from 2016 when it was 1.9 percent.

Booker was hired in 1994 as Morgan Stanley’s first diversity officer. In 2008, she testified before Congress on the issue of diversity in the financial services industry, warning at the time that management must be “engaged in implementing meaningful diversity initiatives” or else talented employees of color will leave.

Her lawsuit alleged that rather than heed her advice, Morgan Stanley exploited her as a token, “trotting her out for publicity opportunities whenever it believed such showcasing was necessary or beneficial.”

Booker said in her lawsuit that she believed racial bias increased in recent years, under Gorman’s leadership, resulting in a “mass exodus” of black employees. Fourteen black managing directors out of just a few dozen have left the firm between 2017 and 2019.

Instead of trying to retain them, like the firm typically does when white managing directors try to leave, the lawsuit alleged that the sentiment was “good riddance.”

Booker continued to push for reforms and created a proposal to restructure the training program for black financial advisers to boost their chances of success -- a project she thought she was presenting in the meeting the same day she was fired.

Booker said she is hopeful that the nationwide protests and more companies stepping up to say “we get it” will result in lasting momentum for corporate and societal change.

“We have to have civil rights. We have to have social justice. But the other side of that coin is economic equality,” she said. “It doesn’t matter if you can live anywhere you want to if you can’t afford to pay the mortgage and that is the great divide that we as blacks have to be able to conquer.”

“At the end of the day, this is not rocket science,” Booker said. “You hire black people and you give them the roles and responsibilities so they can be paid and promoted.”