

Morgan Stanley's former head of diversity sues bank for discrimination

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The former head of diversity at Morgan Stanley is suing the firm and two of its top executives, including CEO James Gorman, for racial and gender discrimination.

According to the lawsuit, which was filed on Tuesday, Marilyn Booker was fired in December after pushing for a plan that she said would help promote career advancement for Morgan Stanley's black employees. The suit alleges that Booker's firing reflects a pattern of widespread discrimination against black and female employees at the investment bank.

"Clearly, black lives did not matter at Morgan Stanley," the suit states.

The complaint alleges a number of instances in which Booker, who worked at Morgan Stanley for 26 years and who is black, said she faced discrimination. In one such instance, the professional credit and financial reward for bringing in a new client recruited by Booker and a fellow black employee was allegedly given to a white colleague.

According to the suit, Booker identified a number of black candidates for positions at the firm who were never hired and without her superiors offering an explanation. What's more, Booker's budget to promote diversity at the firm was regularly cut, the suit claims.

The suit is short on evidence of widespread discrimination or racism at the firm. Rather, Booker points to statistics suggesting that Morgan Stanley has done a poor job of hiring and promoting minority employees. The suit notes that, until recently, just three of Morgan Stanley's operating committee are women, and none are black. As for its board of directors, the suit says that 10 of 14 board members are men, while only one is African American.

In a statement, a Morgan Stanley spokesperson said the firm denies Booker's allegations and plans to fight the suit. "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."

Morgan Stanley isn't the only Wall Street firm lacking diversity, a problem seen more broadly across corporate America. No Wall Street firm is headed by an African American CEO, while only four companies in the Fortune 500 has a black chief executive. And none of the six largest banks, including Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase and Wells Fargo, have ever had a women CEO.

Last week, Morgan Stanley announced that it was adding Carol Greene-Vincent and Susan Reid, black women, to its operating committee. Reid is the firm's current global head of diversity. In announcing the promotions, Gorman in an internal email said that the death of George Floyd while in the custody of Minneapolis police and the resulting public outrage had propelled his decision to promote the executives. Gorman also said the firm would donate \$5 million to the NAACP and spend \$25 million on diversity efforts inside the firm.

Booker's suit calls the recent promotions, along with Gorman's comments, "lip service." The complaint, without giving specific numbers, said diversity at Morgan Stanley has declined under Gorman, who became the firm's CEO in 2010.

In 2012, according to the suit, Booker was removed as the head of diversity and put in a different role at the wealth management division of the firm. She allegedly was given no reason for the role change. In the wealth management unit, she reported to that group's head of diversity, who was white.

"Morgan Stanley has had decades to get its house in order and improve its record on diversity and inclusion," Booker's lawyer, Jeanne M. Christensen of Wigdor said in a statement. "The numbers speak for themselves, and Morgan Stanley must be held accountable for looking the other way."