

Morgan Stanley Sued For Race Discrimination, As Workplace Reckoning Continues

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By Emily Peck

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In this April 10, 2019, file photo, Morgan Stanley chairman and CEO James Gorman testifies before the House Financial Services Committee.

Marilyn Booker, Morgan Stanley's former head of diversity, says she was fired from the bank because she pushed too hard for a plan to address systemic, firmwide racial discrimination at the storied institution.

She filed suit against Morgan Stanley, CEO James Gorman and her former boss Barry Krouk, in federal court in New York on Tuesday, accusing the firm of race and sex discrimination and a longtime pattern of underpaying, underpromoting, and mistreating Black employees.

The 47-page lawsuit paints a devastating picture of a bank run almost entirely by white men who have repeatedly sidelined not only any efforts at diversity – but also attempts made by Booker and the other few Black employees at Morgan Stanley to advance at the firm.

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

The lawsuit comes less than two weeks after Gorman, like many other leaders in finance, publicly expressed his “commitment to diversity and inclusion” in a [statement to employees posted on LinkedIn](#). He committed \$25 million to address diversity in the bank and \$5 million for the NAACP, and he announced two Black women inside the firm were being promoted.

Gorman has hardly been the only CEO to pledge his commitment to Black lives amid this historic moment in the U.S.; corporate leaders around the country have made similar statements. But current and former employees are increasingly going public to [hold these leaders accountable](#) – pointing out that inside their companies, the commitment to Black lives is anything but clear.

Booker is one such employee. She tried to handle her issues with the firm quietly, even after she was fired in December 2019, [The New York Times' Emily Flitter](#) reports. Booker's firing came around the same time as [firmwide layoffs](#) of 1,500 employees.

But after watching the protests over police brutality and the increased attention paid to inequality over the past few weeks, she decided to go public.

She brushed off Gorman's public commitments as superficial.

“Morgan Stanley made \$41 billion last year — that's a drop in the bucket, it's not even a rounding error,” she told the Times regarding the bank's pledge. “People have to put these things in context. If there's a real business initiative that they're focused on, he'd put more than six basis points into it.”

Booker started at Morgan Stanley in 1994 as the firm's first head of diversity. When Gorman was promoted to CEO in 2010, he got rid of her position. After some pressure from the outgoing chief executive, the lawsuit says, Booker landed a new role heading up the Urban Markets Group. Among other things, she was tasked with promoting financial literacy among minority communities.

Lawsuits over race discrimination on Wall Street, which is still overwhelmingly white, aren't uncommon. But Booker appears to be one of the most high-profile Black executives to publicly allege bias, [as the Times notes](#).

Only about 100 of Morgan Stanley's 16,000 financial advisers are Black, according to the lawsuit. That's less than 1%. And 2.2% of its senior executives last year were Black, according to the bank's [own report](#).

In the filing, Booker says there are even fewer Black employees at Morgan Stanley now than when Gorman was promoted to CEO in 2010.

Booker's suit is hardly the first to accuse the 85-year-old bank of racism. The bank has been sued by at least eight former employees — mainly financial advisers, not managers — over the past four years, the Times points out. At least one other suit detailed discrimination against Black women.

But that suit was dismissed because Morgan Stanley forces employees to take their lawsuits to arbitration, essentially secret court rooms that typically favor corporations. In her lawsuit, Booker claims this is yet another sign that the bank lacks true commitment to racial diversity and equality.

“Forced arbitration as a term of employment means that Black employees that experience discrimination because of the color of their skin have no choice but to hide their legal claims from the public, causing many to decline to even press their complaints knowing how the odds are already grossly stacked against them,” the suit says.

Nadia Jones, a former senior diversity officer at Morgan Stanley, also detailed her mistreatment in an internal memo reprinted in Booker's lawsuit.

“You cannot begin to imagine how it feels for a woman of color to be constantly reminded that neither your credentials, nor your title, nor your professional accolades, nor your expertise gleaned both from your professional and social experiences as a woman of color, are enough to counteract the pervasive and systemic biases that run throughout this organization,” Jones writes in the memo.

“Never in my 8 years of doing this work nor in my 38 years of being a Black woman have so many white people, men in particular, told me how to do my job and where best to focus my efforts to help diverse advisors—without consulting, mind you, a single diverse advisor in making that determination,” she writes.

Right before she left Morgan Stanley, Booker was trying to enact something she called Project Genesis. It was meant to directly deal with issues Black employees were having at the bank, including feelings of isolation and lack of support, lack of promotion opportunities, unfair pay practices and exclusion from meetings with new clients.

Just one example detailed in the lawsuit: Booker would watch as white men were referred by colleagues and hired on at the bank, but it was a different story when she would refer qualified Black candidates. She was only able to get one Black person hired — and that was for a role on her own team.