

Morgan Stanley's Ex-Diversity Chief Sues the Bank Over Alleged Racial Bias

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Morgan Stanley's former head of diversity sued the bank, saying it hadn't done enough to promote people of color and that it fired her in December for pushing for it to move faster.

Marilyn Booker spent more than 25 years at the Wall Street brokerage, where she said in a court filing that she was the only black woman at the managing-director rank, the firm's highest. She said her budget for diversity efforts was repeatedly cut, that she was "trotted out" as a token minority at public events, and that she was belittled by white colleagues while watching more than a dozen black executives leave the firm since 2017.

"The sentiment at the firm was 'good riddance' and 'glad to see you go,' rather than, 'why are they leaving us?' or 'how could we do better?'" she said in a court filing. "In contrast, when white [managing directors] left or sought to leave, the firm made significant efforts to retain them."

A Morgan Stanley spokeswoman said: "We strongly reject the allegations made in this claim and intend to vigorously defend ourselves in the appropriate forum." She said the bank was "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."

Race has emerged in recent weeks as a corporate issue following widespread protests over the killing of George Floyd while in police custody in Minneapolis. The challenge is acute on Wall Street, which remains largely white and male despite changes to recruiting practices in recent years meant to diversify their ranks.

Morgan Stanley Chief Executive James Gorman earlier this month added Carol Greene-Vincent, a black woman and head of the bank's internal audits, to the firm's operating committee, and elevated another to run a newly established internal institute to diversify its workforce, committing \$25 million to fund it.

Both moves address a lack of diversity in Morgan Stanley's upper ranks, but could be viewed as tokenism. Mr. Gorman said he had previously planned to promote Ms. Greene-Vincent at the end of this year.

More than 82% of Morgan Stanley's senior executives are white and just 2.2% are black, according to the bank's own 2019 numbers, which have barely budged in recent years. Before Ms. Greene-Vincent's promotion, the firm's 14-person committee included 12 white executives and two executives of Asian descent.

Ms. Booker joined Morgan Stanley in 1994 and spent 16 years as its first global head of diversity, during which she represented the bank at a congressional hearing on the subject. She later moved to the firm's retail wealth-management arm, a role she held until her termination late last year.

She said her budget was eventually cut to 71% below its peak, and that her efforts to bring in minority clients to the firm's largely white roster went nowhere. She said she introduced a black NBA star to several Morgan Stanley executives, hoping he could be a voice in some of the firm's client events. In 2017, the firm signed an endorsement deal with Justin Rose, a white golfer.

She said she tried similarly to have Morgan Stanley collaborate with comedian Steve Harvey, a client of the firm's wealth-management arm, but was told by the head of marketing that he wasn't "consistent with our brand or our audience."