

Morgan Stanley's ex-diversity chief sues bank, claiming race discrimination

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Dan Ennis

Dive Brief:

- Morgan Stanley's former head of diversity, Marilyn Booker, sued the bank Tuesday, alleging "race and gender discrimination, retaliation and unequal pay," according to the [Financial Times](#).
- In her 47-page complaint, Booker described as hypocritical the bank's response to the police killing of George Floyd. Since May 25, Morgan Stanley has given \$25 million to [minority depository institutions](#), the [NAACP Legal Defense & Education Fund](#) and to [community development financial institutions](#) hard-hit by the coronavirus. The bank also promoted two Black women to senior leadership committees, and CEO James Gorman has described the past month's swell of awareness surrounding racial inequality as a "turning point in race relations." Regarding the bank's past conduct, however, Booker said, "clearly, Black lives did not matter at Morgan Stanley."
- Morgan Stanley strongly rejected Booker's claims and will "vigorously defend" the lawsuit, spokeswoman Mary Claire Delaney said. "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," she said, [according to Bloomberg](#).

Dive Insight:

Booker is seeking unspecified damages and a judgment that bars the bank from discriminating against her and other Black women. Among numerous other points, the suit includes a claim alleging unequal pay on behalf of more than 40 Black women employees.

The suit also asks the court to order the bank to abolish behind-closed-doors arbitration as the default means of dealing with discrimination allegations brought by Black employees, according to the [Financial Times](#).

Booker alleges she was fired in December, amid a [round of 1,500 job cuts](#), in retaliation for repeatedly urging the bank to create a plan to promote people of color and improve the experience of nonwhite employees at the bank. In her suit, Booker said she voiced her concern over "irrefutable and appalling patterns" in Morgan Stanley's hiring, retention and lack of advancement of Black employees. But the bank merely paid "lip service" to her points, Booker said.

Fourteen Black managing directors left the bank between 2017 and 2019, Booker said. But the bank made no effort to retain them. Gorman's attitude, she said, was, "If you don't like it, then leave."

"For Black [managing directors] departing Morgan Stanley, 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?'" Booker said in her suit. "In contrast, when White [managing directors] left or sought to leave, the firm made significant efforts to retain them."

Morgan Stanley data shows 2.2% of the bank's U.S. executives are Black, according to Bloomberg. Booker said the bank has named 1,382 managing directors since 2012, of whom 41 — fewer than 3% — are Black.

Underrepresentation of Blacks on Wall Street is not limited to Morgan Stanley. Of the more than 80 top executives at the six largest U.S. banks, only Citi CFO Mark Mason is Black, according to Bloomberg.

Booker served as Morgan Stanley's first global head of diversity from 1994 to 2010. During that time, she said, she helped manage recruitment, drafted an employee handbook, managed the firm's affirmative action plans, performed community outreach and testified before Congress in 2008 about diversity at the bank. Booker said in her suit she felt she was "trotted out" as a token minority at public events.

Booker said she was "inexplicably" moved to a new position focusing on financial literacy for nonwhite communities after Gorman was named CEO in 2010. When that job was eliminated, outgoing CEO John Mack created a new role for her, leading the Urban Markets Group, in which she sought to win more Black money-management clients and help Black communities build wealth. However, by 2019, Booker said, the bank cut the group's budget by 71%, hindering its outreach potential. Additionally, Booker said Morgan Stanley shot down her efforts to recruit a Black NBA player as a spokesperson, choosing instead to sign white golfer Justin Rose.

"It goes without saying that Mr. Rose was believed to be better recognized among the community of White male affluent golf aficionados, and not most members of the Black and minority communities," Booker said, according to the Financial Times.

Similarly, she said she tried to get the bank to collaborate with comedian Steve Harvey, a client of Morgan Stanley's wealth-management arm, but she alleges the head of marketing told her Harvey wasn't "consistent with our brand or our audience," according to [The Wall Street Journal](#).

In a pay-related matter, Booker said she was given no commission for helping Morgan Stanley land a \$90 million account with Webster University, the Financial Times reported.

Since the George Floyd killing refocused national attention on race, Gorman announced diversity and inclusion would become one of Morgan Stanley's five core values. He also named Morgan Stanley's global audit chief, Carol Greene-Vincent, who is Black, to the bank's operating committee, its most senior leadership board. Susan Reid, the bank's current diversity chief, has also been named to the management committee.

Fourteen of the bank's 16 operating committee members were white, and 14 were men before Greene-Vincent's promotion, Booker said. Gorman said he previously planned to promote Greene-Vincent at the end of the year, according to the Journal.

Morgan Stanley has also made several monetary pledges to fighting inequality. But Booker told The New York Times the commitments may ring hollow.

"Morgan Stanley made \$41 billion last year — that's a drop in the bucket, it's not even a rounding error," she said of the bank's \$25 million in commitments. "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's suit is not the first racially tinged court matter for Morgan Stanley. The bank settled a class-action suit in 2007 for almost \$24 million over middle managers' treatment of Black employees, and agreed to spend \$7.5 million to overhaul its hiring and management practices, the Times reported.

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