

Morgan Stanley Faces Discrimination Lawsuit Filed by Axed Diversity Chief

topclassactions.com/lawsuit-settlements/lawsuit-news/discrimination/morgan-stanley-faces-discrimination-lawsuit-filed-by-axed-diversity-chief

By Kat Bryant

June 19, 2020

Morgan Stanley's former diversity chief is claiming she was subjected to blatant discrimination and hypocrisy during her long tenure there.

For 26 years, Marilyn Booker says she raised her voice about the “irrefutable and appalling patterns” she observed in the New York investment firm’s treatment of black employees and worked tirelessly to convince Morgan Stanley’s leadership to address what she claims is systemic racial discrimination.

She was abruptly fired in December when Morgan Stanley eliminated her job — which, basically, was to help people of color within the firm. She now has initiated a collective action lawsuit on behalf of all women and minorities employed there, claiming race and gender discrimination, unequal pay and retaliation.

The Morgan Stanley lawsuit is receiving widespread attention, with articles in **The Washington Post** and **Business Times**, among others.

Booker is a nationally recognized financial investment adviser and advocate for diversity in the workplace. She has spoken before Congress and written articles and book chapters on the subject.

She joined Morgan Stanley in 1994 as global head of diversity, making her the sole black female managing director in the wealth management division at the firm’s New York City headquarters. Under three supportive CEOs, she developed numerous recruiting, training and community outreach initiatives in addition to employee policy changes.

However, Booker claims in the Morgan Stanley lawsuit that “the firm’s diversity efforts have gone noticeably backwards” under current CEO James Gorman, one of the named defendants.

After Gorman took the reins in 2010, Booker says he moved her into a new (but short-lived) department, and then to a team leader position within the Urban Markets Group. In that group, which served minority communities, she worked under eight successive “disinterested” white bosses — and suffered team budget cuts with no pay raises for those eight years.

During that time, Booker notes in the Morgan Stanley lawsuit, she proposed two potentially lucrative and community-minded initiatives in conjunction with high-profile black celebrities (Steve Harvey and an unnamed basketball star-turned-businessman), but “hit a brick wall” both times.

Then, in June 2019, she told her supervisor Barry Krouk (a white male and named defendant) that she was troubled by the marginalized treatment she saw of minority financial advisers and trainees, who were repeatedly passed over for advancement. She proposed what she called Project Genesis to address the “rampant bias” she had observed and requested support from the firm to pursue it.

In November, when Booker tried to present a draft presentation to senior management, she was met with resistance.

On Dec. 9, when she believed she was entering a meeting with Krouk to discuss her plan, he instead escorted her into a room with a human resources manager — who fired her.

The vague explanation given was that her position was being eliminated, and she was given no option to take a different job within the firm.

“It’s important that as black people our voices be heard,” Booker told 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.”

Many equally worrisome minority employee experiences are referenced in the Morgan Stanley lawsuit.

The firm is estimated to have 16,000 financial advisers today, but about 99% of them are white, the lawsuit reports.

“Disturbingly, the percentage of Black FAs is far less than it was when Ms. Booker was Global Head of Diversity from 1994 through 2010,” the lawsuit states.

Moreover, less than 3% of the 1,382 managing directors appointed since 2012 are black, while about 97% are white.

“Morgan Stanley has, in true hypocritical fashion, actively sought to silence those who speak out and try to advocate for change when it comes to diversity and inclusion,” Booker argues.

She also notes that, ironically, in response to the public outcry after George Floyd was killed, Gorman has launched a publicity campaign designed to cast Morgan Stanley as a corporation committed to diversity issues.

“Gorman is quick to now pay lip service and throw money at the diversity problem at Morgan Stanley because he is suddenly ‘moved’ [by the Floyd incident], when it was Ms. Booker’s job to do just that,” the lawsuit maintains. “Morgan Stanley did nothing but actively hamstringing her ability to do so.”

For its part, Morgan Stanley told The Washington Post it “strongly” rejects 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,” Morgan Stanley spokesperson 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 is claiming all of the named defendants engaged in discrimination and retaliation, in violation of the Civil Rights Act and New York law. She also is claiming the two individual defendants aided and abetted unlawful discrimination under New York law. In addition, Booker alleges federal and state violations of equal pay laws.

She is seeking an injunction to stop the defendants from continuing their allegedly illegal conduct; compensatory, liquidated and punitive damages; and court costs.

The plaintiff is represented by Jeanne M. Christensen and Tanvir H. Rahman of Wigdor LLP.

The **Morgan Stanley Lawsuit** is *Marilyn Booker, et al. v. Morgan Stanley & Co. LLP, et al.*, Case No. 1:20-cv-02662, in the U.S. District Court for the Eastern District of New York.