

---

## Morgan Stanley settles sex bias lawsuit

### Brokerage agrees to pay \$54 million to end discrimination case

The Associated Press

Updated: 5:34 p.m. ET July 12, 2004

NEW YORK - Wall Street brokerage Morgan Stanley agreed Monday to pay \$54 million to settle claims of widespread sex discrimination at the firm, including strip-club outings with clients and higher pay for men.

The settlement was announced just as a jury, including eight women, was to hear a trial in the case, brought by the Equal Employment Opportunity Commission and former Morgan Stanley bond seller Allison Schieffelin.

Schieffelin, who claimed she was denied promotions at the firm because she is a woman, will be paid \$12 million under the settlement, with \$40 million earmarked for claims filed by other women at the firm.

Morgan Stanley will also set aside \$2 million to pay for diversity training and anti-discrimination programs.

"The consent decree is a watershed in safeguarding and protecting the rights of women on Wall Street," said U.S. District Judge Richard M. Berman, who was to hear the case.

A trial would have meant weeks of ugly publicity for Morgan Stanley. The EEOC had planned to call as witnesses more than two dozen women to establish what it called a pattern of discrimination.

The EEOC represented hundreds of women who claimed men at Morgan Stanley invited clients on men-only strip club outings, groped women and made lewd comments.

In addition, the EEOC claimed women were passed over for promotions because of their gender. Morgan Stanley acknowledged that few women were promoted to the highest levels of the firm but denied discrimination.

Schieffelin, 42, who made \$1.35 million in 1998, was fired in 2000 after claiming she was passed over for a promotion to managing director. She has said Morgan Stanley "destroyed my career."

She hugged her parents and supporters in court Monday after the settlement was announced.

"I have one comment: What I want to say is that I am so happy that there is a great settlement that's good for everybody," Schieffelin said outside court.

She declined to say whether she would go back to work in the financial services industry.

The case was to be the EEOC's first sex discrimination trial against a Wall Street firm. Most similar cases end in settlements, but talks in the Morgan Stanley matter, filed in September 2001, collapsed last year.

Berman said lengthy weekend negotiations had resulted in the last-minute settlement. He said EEOC chairwoman Cari M. Dominguez and Morgan Stanley CEO Philip J. Purcell were personally involved in the talks.

"We are proud of our commitment to diversity, and would like to thank the EEOC staff for working with us to conclude this matter in such a positive way," Purcell said.

The claims fund, covering women who have worked in Morgan Stanley's institutional equities division since 1995, will be overseen by Abner J. Mikva, a former Illinois congressman and federal appeals court judge.

"We hope this sends a message to other employers on Wall Street to take discrimination complaints seriously," said Elizabeth Grossman, the EEOC's supervisory trial lawyer.

The training programs will be presented at Morgan Stanley offices in New York and London, with other employees participating by videoconference or by viewing tapes.

The settlement does not cover attorney fees, except to provide \$1,000 to cover legal fees for any Morgan Stanley woman receiving a claim from the fund.

The judge stressed that he was not ruling on the merits of the case by approving the settlement. In fact, settlement papers say Morgan Stanley denies violating any anti-discrimination law.

Shares of Morgan Stanley rose sharply when the settlement was announced and were trading up 34 cents to close at \$50.34 on the New York Stock Exchange.

In 1998, Merrill Lynch & Co. and Smith Barney, now a unit of Citigroup, settled discrimination cases involving hundreds of female employees.

The Smith Barney case included allegations that male employees at a Long Island branch harassed female co-workers while partying in a basement "boom-boom room."

*© 2006 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.*

URL: <http://www.msnbc.msn.com/id/5424478/>