



By Chris Ribeiro

Moderna's Single-Day CFO: The Importance of Conducting Thorough Background Investigations

On May 9, industry veteran Jorge Gomez reported for work as the new chief financial officer of biotechnology company Moderna, Inc., as the company sought continued global growth following the success of its messenger RNA COVID-19 vaccine.

Gomez was a known quantity and safe bet for Moderna, with Moderna CEO Stéphane Bancel [praising him](#) for his financial leadership experience and his passion for sustainability. As the *Wall Street Journal* [reported](#), Gomez had worked with the outgoing Moderna CFO David Meline for nine years at General Motors. He spent the following sixteen years at medical and healthcare services companies, with a final stop as CFO of dental product manufacturer Dentsply Sirona Inc.

Yet only 24 hours later, Moderna was arranging Gomez's departure, following Dentsply Sirona's [public disclosure](#) of an internal investigation into allegations of financial impropriety that may have occurred on his watch related to sales incentives for distributors and the possible use of such incentives to meet executive compensation targets.

Gomez's downfall — public, swift, and noisy — delivered a jarring blow to Moderna's reputation and illuminates a clear breakdown in the standard practice of vetting senior executive candidates. Even a cursory media search as part of a due diligence investigation could have alerted Moderna that at least two law firms had announced ongoing securities fraud investigations into Gomez's former firm, as the *Journal* reported. Instead, Moderna joined the growing list of companies that have fallen victim to failed hiring decisions at the most senior management levels.

The Role of Background Investigations into Senior Hires

Business leader hiring decisions are among the most critical companies can make. There is no more sure-fire way to set up an enterprise for success or sow the seeds of failure. The selection of an unqualified candidate or, even worse, an unethical one can cause incalculable harm to a firm's culture, reputation, and bottom line. And not having full awareness of controversies connected to a candidate can lead to

rapid changes in fortune.

Thoughtful vetting via a comprehensive background investigation is the solution. But companies need to ensure they employ a layered approach to candidate evaluation and do not short-change their vetting process by pursuing superficial reviews that almost guarantee problems will remain hidden. Successful background investigations need to incorporate multiple elements:

- **Public Records Investigations:** Any vetting process for a senior hire should include a comprehensive review of relevant public records in all the jurisdictions where a candidate has lived or worked. Such records include federal and state litigation and criminal records, liens, judgments, bankruptcy filings, regulatory filings, and licensing and disciplinary records. Investigations also need to include analysis of traditional and online media and social media, ranging from papers of record to the latest employer review sites and messaging platforms where allegations of impropriety or malfeasance often first surface. Direct verification of employment and educational qualifications is critical, along with a close review of any discrepancies between the factual record and a candidate's public statements and online biographies.

Especially in the United States, open source information is a rich record that due diligence professionals know how to mine. But companies need to take care as not all public records investigations are created equal.

The first shortcut some companies take is to conduct "online only" investigations that rely on computer searches to identify "red flags," or indications for potential concern. In some jurisdictions, an online search can be helpful, but very often investigators must travel to courthouses for in-person reviews to find all the records that may exist.

A second shortcut is to conduct investigations targeting only the last ten or fifteen years. While simplifying the investigative process by eliminating whole sets of records from review, this limitation can lead to surprises when problems from the past become relevant again. Comprehensive investigations should stretch as far back as they can, depending on the jurisdiction.

- **Source Inquiries:** When discrepancies are identified or additional information is required for clarification, open source reviews should be augmented by inquiries with knowledgeable sources to identify information that may not have reached the public domain. Companies need to be careful to avoid checking only references provided by the candidate. Such individuals are always carefully chosen by the prospective employee, and while some have incentives to provide glowing reviews, none will say anything that might jeopardize the applicant's candidacy.

Independent sources contacted for inquiries could include a candidate's former employees, colleagues, or associates; customers; litigation adversaries; social contacts; and others who can provide honest feedback through their knowledge of the candidate across the different phases of his or her life.

- **A Holistic View of Risk:** Background investigations are set up to fail as soon as they become check-the-box exercises. Strong investigations approach the problem of risk holistically, and search for both the "red flags" that are easy to find and those that require analysis and insight to uncover.

Yes, the candidate was employed where she claimed, but how did the companies perform under her stewardship? Yes, the candidate built the businesses on his résumé, but what was his reputation amongst his former business partners? Do the candidate's associations or activities, disclosed or not, present any conflicts of interest to her new employer? Have any of the candidate's family members or close associates been connected to significant controversies or played unexplainable roles in his ventures? Does the candidate have any potentially problematic associations with government officials, sponsors, or patrons? Does the candidate's standard of living match her known income? Is the candidate's reputation and mode of operation consistent with the culture you are looking to build?

Thoughtful background investigations are synoptic: they can answer these questions and others that will help companies make informed decisions about potential risks.

For background investigations with these elements to be successful, companies need to partner with experts who know how to find information and interpret it, sometimes identifying what is out of place or what is missing. These experts must also know how to operate legally and ethically within the confines of the Fair Credit Reporting Act and related laws that govern how investigative firms can collect and report their findings in employment investigations.

Expert investigators will listen to your concerns and may suggest additional areas of inquiry. Their practices evolve to keep pace with the ever-changing data and regulatory landscape. They will likely uncover more information about the candidate than your HR staff would ever be able to develop or the recruiters would deign to disclose. But most of all, they will protect your reputation by allowing you to identify controversies and problems before they and you become front page news.



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Our clients include the world's leading law firms and financial institutions, Fortune 500 and FTSE 100 companies, high-net-worth individuals and family offices, governments, NGOs, sports organizations, and academic institutions.

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